CITY OF HAPEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

Prepared By:
Finance Department

CITY OF HAPEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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INTRODUCTORY SECTION

1891 Hapeville GEORGIA

ALAN HALLMAN
MAYOR

MIKE RAST
ALDERMAN

TRAVIS HORSLEY
COUNCILMAN AT LARGE

MARK ADAMS
COUNCILMAN WARD I

CHLOE ALEXANDER
COUNCILMAN WARD II

January 30, 2020

To the Mayor, City Council,
Citizens of the City of Hapeville, Georgia
and the Financial Community

Introduction

Georgia law requires all local governments to prepare a complete set of financial statements, presented in conformity with generally accepted accounting principles (GAAP), and audited by a certified public accounting firm. These financial statements are required by the State of Georgia (State) to be prepared within six months of the end of each fiscal year. However, an extension may be granted for an additional six months if deemed appropriate. Pursuant to that state requirement, enclosed is the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended June 30, 2019.

This CAFR consists of City management's representations concerning the finances of the City. Therefore, management assumes full responsibility for the completeness and reliability of all the information contained in the report. To provide a reasonable basis for making these representations, the management of the City has established internal controls that are designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's framework of internal controls has been designed to provide for reasonable rather than absolute assurance that the financial statements will be free from material misstatements. Management asserts that, to the best of our knowledge and belief, this annual financial report is complete and reliable in all material respects.

The City financial statements for the fiscal year ended June 30, 2019 have been audited by Mauldin & Jenkins, LLC, an auditing firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Mauldin & Jenkins, LLC, concluded, based upon the completed audit, that there was a reasonable basis for rendering an unmodified opinion that the City financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

GAAP requires that City management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A) report. In addition to the MD&A, this Letter of Transmittal is designed to complement the City's MD&A and should be read in conjunction with it. The City MD&A can be found immediately following the independent auditors' report.

Profile of the City Government

The City, located in the south/central portion of Georgia on I-75, has its corporate limits contiguous to those of the City of Atlanta. The City has an easy seven-mile access to the cultural, political and commercial center of the State Capitol. Access is afforded by I-85, I-75 and the Metropolitan Atlanta Regional Transit Authority (MARTA). MARTA also provides extensive bus service to supplement the rail system. For travel inside and outside the State, the Hartsfield-Jackson International Airport is within two miles of the City and remains one of the busiest airports in the world. The City encompasses 2.5 square miles and serves a population of 6,373 according to the 2010 U.S. Census. Population in the City increased 3.1% from 2000 to 2010.

Created on September 16, 1891 by an act of the Georgia General Assembly, the City has been operating under a commission-administrator form of government for many years. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. For the past seven years the City has operated under the Council-Manager form under which the policy-making and legislative authority are vested in the mayor and four-member City Council elected by the voters through at-large elections on a city-wide basis. The mayor and council members serve four-year staggered terms. The mayor presides at the Council meetings and only votes in the event of a tie. The City Manager is the City's chief executive officer with oversight of all city departments and operations.

The City Council, as the City's governing authority, is responsible for establishing policy for City operations, enacting ordinances and resolutions to promote the city's health, safety, and welfare The City Council annually adopts an operating budget and millage rate which funds City services.

The City's Annual Budget represents the plan for providing needed public services for each fiscal year and serves as the foundation for the City's financial planning and control. All City department directors are required to submit requests for appropriations to the City Manager and Finance Director, who in turn, prepare and submit a recommended budget to the City Council. The Council reviews the recommended budget and conducts a state required budget public hearing to obtain citizen comments. After the public hearing, the Council then adopts the budget no later than June 30 of each year. The approved budget is prepared by fund and department.

Factors Affecting Financial Conditions

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which City operates.

Local Economy

During the fiscal year, the City's overall local economy experienced improvement in performance while the performance of the regional and national economies was slow-moving. The City has seen its real & personal property tax assessments increase by 57% from year 2014 to year 2019. In contending with unfavorable economic times, the Mayor, City Council and City management, including the Development Authority, have worked to promote the City and have succeeded in largely sustaining the City.

In addition, the City staff continued to aggressively recruit new businesses and industrial prospects by showcasing the City's great location and moderate climate, as well as the availability of utilities, a skilled work force, and business incentives. The City has rail transportation through the City. It is also adjacent to the Hartsfield-Jackson International Airport and is bordered on west by Interstate I-85 and on the east by Interstate I-75. Interstate 20 runs east-west about 10 miles north of the City.

Below are the projects that are impacting the local economy during the fiscal year:

- Continued build out of the Hapeville Performing Arts Center;
- Continuing renovations of several parks and grounds facilities;

- Refurbishing the Water, Sewer and Storm water infrastructure
- Railroad Facilities Project Completion; and
- Renovation/landscaping of North Central Avenue business district.

Awards and Acknowledgements

As demonstrated by the statements and schedules included in the financial and required supplemental information sections of this report, the City continues meeting its responsibility for improved financial management.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the fifth year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy generally accepted accounting principles, applicable legal requirements and GFOA standards.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's reporting standards and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. We also wish to extend our appreciation to the auditing firm of Mauldin & Jenkins, LLC, for their professionalism in conducting the audit of the City's basic financial statements and related note disclosures.

Maintaining the highest standards of professionalism in the management of the City's finances and financial reporting is made possible by the unfailing support and encouragement of the City Manager, the Mayor and the City Council for their recognition of the importance of the CAFR information for the citizens, vendors and creditors of the City.

Respectfully submitted,

Tim Young, CPA
City Manager

Randy Brewer, MBA
Finance Director

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City Hall 404.669.2100 www.hapeville.org

Community Service
3474 N. Fulton Avenue
404-669-2120

Economic Development
3468 N. Fulton Avenue
404-669-8269

Fire Department
606 King Arnold Street
404-669-2141

Police Department
700 Doug Davis Drive
404-768-7171

Recreation Department
3444 N. Fulton Avenue
404-669-2136

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hapeville

Georgia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

City of Hapeville, Georgia
List of Elected and Appointed Officials
June 30, 2019

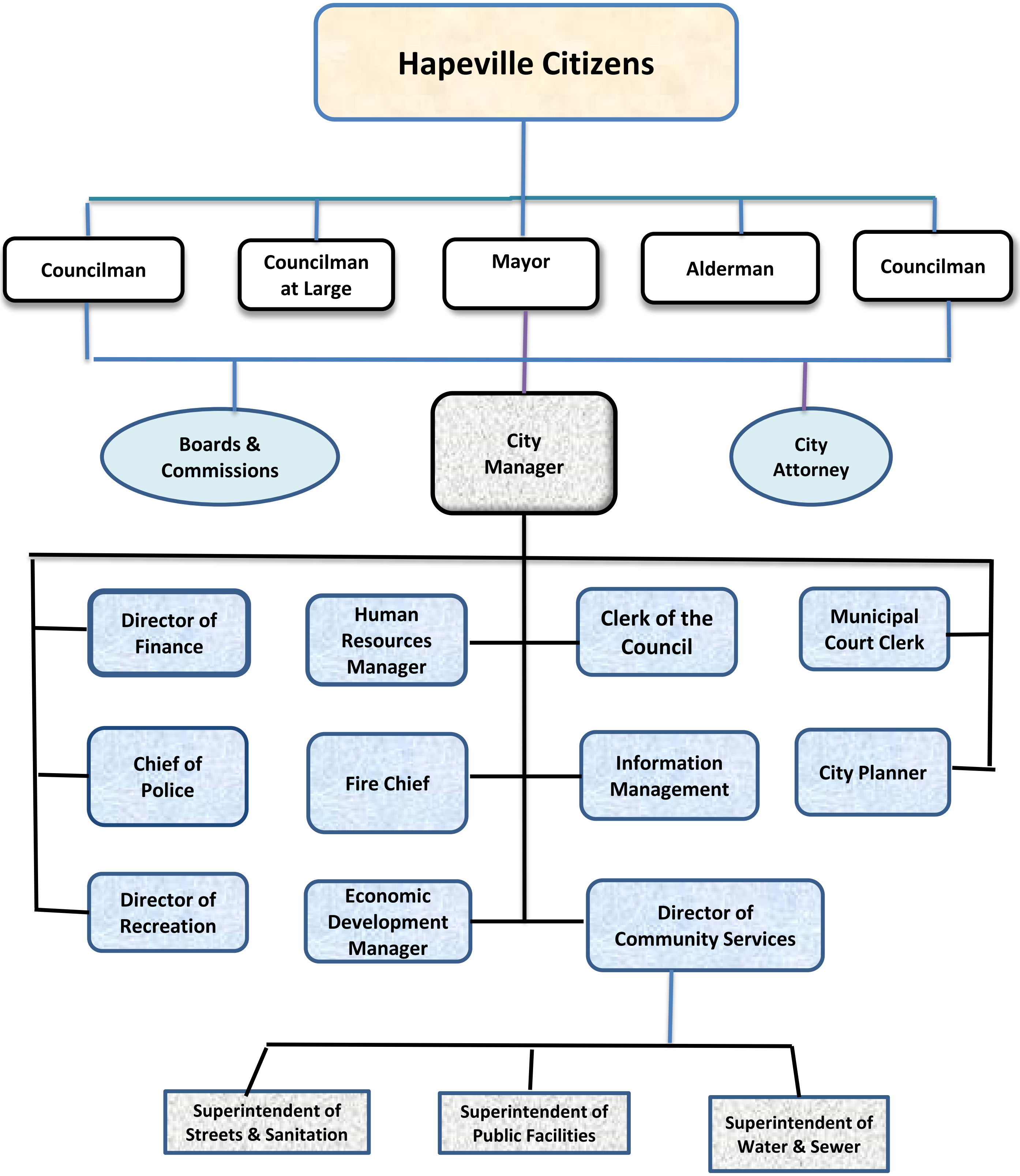
ELECTED OFFICIALS

Mayor	Alan Hallman
Alderman at Large	Michael Rast
Councilman at Large	Travis Horsley
Councilman (1st Ward)	Mark Adams
Councilman (2nd Ward)	Chloe Alexander

APPOINTED OFFICIALS

City Manager	Tim Young
Director of Finance	Randy Brewer
Director of Community Services	Lee Sudduth
Chief of Police	Richard M. Glavosek
Fire Chief	David Bloodworth
City Clerk	Chrystal Epps-Griggs
Court of Clerk	Monique Cook
Manager of Recreation	Tod Nichols
City Attorney	Smith, Welch, Webb, and White LLC

City of Hapeville, Georgia
Organizational Chart
June, 30, 2019



FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
Of the City Council
City of Hapeville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Hapeville, Georgia** (the "City") as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Members of The American Institute of Certified Public Accountants

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hapeville, Georgia as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and Hotel/Motel Tax Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 14), the Schedule of City Contributions – Retirement Plan (on page 66), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 67), the Schedule of Pension Investment Returns – Retirement Plan (on page 68), and the Schedules of changes in the City's Total OPEB Liability and Related Ratios (on page 69) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax Proceeds, as well as the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Continued)

The combining and individual nonmajor fund financial statements and schedules, the Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax Proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the annual financial report for City of Hapeville (the City), the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FISCAL YEAR 2019 FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows by $19,384,606 (total net position) as of June 30, 2019.
  - Total net position is comprised of the following:
    (1) The net investment in capital assets of $36,486,447 includes property and equipment, net of accumulated depreciation, less outstanding debt related to the purchase or construction of capital assets.
    (2) Net position of $2,333,461 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
    (3) Unrestricted net position is a deficit of $19,435,302.
  - The City's governmental funds reported total ending fund balance of $3,827,430 at June 30, 2019. This compares to the prior year ending fund balance of $4,420,967, showing a decrease of $593,537 during the current fiscal year. Unassigned fund balance of $2,000,404 at June 30, 2019 shows an increase of $675,648 from the prior fiscal year.
  - At the end of the current fiscal year, the unassigned fund balance for the General Fund was $2,000,404 or 13.65% of total General Fund expenditures.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented to allow comparison to the prior fiscal year.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position.* This is the government-wide statement of position presenting information that includes all the City's assets, deferred outflows/inflows of resources and liabilities, with the difference reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City principally supported by taxes from business-type activities intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, highways and streets, parks, culture and recreation, parks and grounds, planning and zoning, and trade, tourism and development. Business-type activities include the water and sewer system, sanitation activities, stormwater activities and development authority activities.

The government-wide financial statements are presented on pages 15 and 16 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. The general fund's budget to actual comparison statement is presented as a basic financial statement.

The basic governmental fund financial statements are presented on pages 17 - 21 of this report.

Individual fund information for nonmajor governmental funds is found in combining statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City's proprietary funds are classified as four enterprise funds. The enterprise fund essentially encompasses the same function reported as business-type activities in the government-wide statements.

The basic proprietary fund financial statements are presented on pages 22 - 24 of this report.

Fiduciary funds are reported in the fiduciary fund financial statements but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. The City's single-employer pension plan (a pension trust fund) is reported in these financial statements as a fiduciary fund. The basic fiduciary fund financial statements are presented on pages 25 and 26 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on pages 27 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's single employer pension plan and postemployment healthcare plans. The required supplementary information can be found on pages 66 - 69 of this report.

Supplementary Information

As discussed, the City reports major funds in the basic financial statements. Comparative information for major funds and combining and individual statements and schedules for nonmajor funds, including budgetary comparison schedules, are presented in a supplementary information section of this report beginning on page 70.

Single Audit

The City was required to have an audit (single audit) of a federal grant award during fiscal year 2019. The results of the audit can be found beginning on page 79.

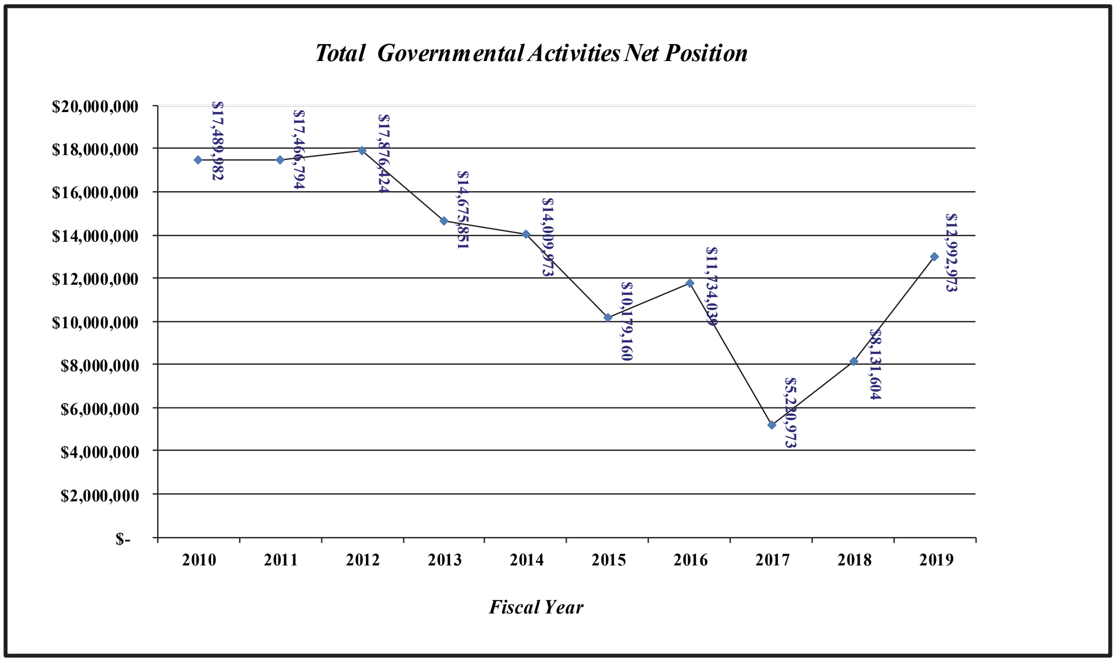
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City’s net position at fiscal year-end is $19,384,606. The following table provides a summary of the City’s net position on a comparative basis:

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	Restated 2018	2019	Restated 2018
Assets:						
Current assets	$ 6,278,012	$ 6,056,694	$ 5,338,839	$ 5,116,155	$ 11,616,851	$ 11,172,849
Noncurrent assets						
Other	-	-	1,077,379	1,133,278	1,077,379	1,133,278
Capital	25,141,684	18,335,440	13,095,381	13,533,322	38,237,065	31,868,762
Total assets	31,419,696	24,392,134	19,511,599	19,782,755	50,931,295	44,174,889
Deferred outflows of resources	8,401,429	3,060,215	1,077,709	377,922	9,479,138	3,438,137
Liabilities:						
Current liabilities	3,135,932	1,798,511	2,440,758	2,184,827	5,576,690	3,983,338
Long-term liabilities	23,122,500	16,865,353	11,688,672	12,208,580	34,811,172	29,073,933
Total liabilities	26,258,432	18,663,864	14,129,430	14,393,407	40,387,862	33,057,271
Deferred inflows of resources	569,720	656,881	68,245	77,281	637,965	734,162
Net position:						
Net investment in capital assets	23,391,066	16,800,830	13,095,381	13,533,322	36,486,447	30,334,152
Restricted	1,520,642	3,078,512	812,819	908,311	2,333,461	3,986,823
Unrestricted (deficit)	(11,918,735)	(11,747,738)	(7,516,567)	(8,751,644)	(19,435,302)	(20,499,382)
Total net position	$ 12,992,973	$ 8,131,604	$ 6,391,633	$ 5,689,989	$ 19,384,606	$ 13,821,593

The following chart reports the City's total governmental activities net position balances from fiscal year 2010 – 2019



Since 2010, the City's net position has decreased $4,497,009 or 25.71%. Since the low point of 2017, the net position has increased by $7,772,000 or 148.86%.

Current assets in governmental activities increased $221,318 and business-type activities increased $222,684 in fiscal year June 30, 2019.

During 2019, net position increased $4,861,369 for governmental activities and increased $701,644 for business-type activities. The City's overall financial position improved during fiscal year 2019. The increase in governmental net position is primarily from increases in SPLOST revenues and property tax revenues. Net position for business-type activities increased $701,644 in fiscal 2019 compared to an increase of $1,751,501 in fiscal 2018. The slowdown in the increase in net position is a result of increased operating expenses in the Water and Sewer Utility Fund and the Storm-water Utility Fund. Overall, the City remains in an improved financial position.

Note that approximately 80% of the governmental activities' total assets are tied up in capital assets. The City uses these capital assets to provide services to its citizens. Business-type capital assets make up 67% of total assets. The City uses these capital assets to provide utility services to its customers. Combining governmental activities with business type activities, the City has invested approximately 75% of its total assets are tied up in capital assets, as presented in the government-wide statement of net position.

The following table provides a summary of the City's changes in net position for the fiscal years ended June 30, 2019 and 2018:

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	Restated 2018	2019	Restated 2018
Revenues:						
Program:						
Charges for services & fines	$ 1,052,832	$ 1,208,343	$ 5,744,255	$ 5,527,472	$ 6,797,087	$ 6,735,815
Operating grants	17,656	5,290	-	-	17,656	5,290
Capital grants	5,334,753	3,054,072	-	-	5,334,753	3,054,072
General:						
Property taxes	6,177,974	5,242,270	-	-	6,177,974	5,242,270
Sales taxes	1,992,229	1,865,494	-	-	1,992,229	1,865,494
Hotel/motel taxes	3,636,829	3,108,228	-	-	3,636,829	3,108,228
Other taxes	1,899,197	1,730,293	-	-	1,899,197	1,730,293
Other	54,814	194,820	-	-	54,814	194,820
Total revenues	20,166,284	16,408,810	5,744,255	5,527,472	25,910,539	21,936,282
Program Expenses:						
General government	2,721,802	2,490,217	-	-	2,721,802	2,490,217
Judical	154,675	124,583	-	-	154,675	124,583
Public safety	6,111,073	5,496,731	-	-	6,111,073	5,496,731
Highways and streets	1,363,892	953,406	-	-	1,363,892	953,406
Culture and recreation	1,809,491	1,715,312	-	-	1,809,491	1,715,312
Planning and zoning	187,009	184,740	-	-	187,009	184,740
Trade, tourism and development	2,410,903	2,045,399	-	-	2,410,903	2,045,399
Interest	61,350	48,535	-	-	61,350	48,535
Water and sewer	-	-	4,021,474	3,140,345	4,021,474	3,140,345
Stormwater	-	-	468,413	70,284	468,413	70,284
Solid waste management	-	-	504,518	492,131	504,518	492,131
Development authority	-	-	532,926	512,467	532,926	512,467
Total expenses	14,820,195	13,058,923	5,527,331	4,215,227	20,347,526	17,274,150
Revenues over expenses	5,346,089	3,349,887	216,924	1,312,245	5,563,013	4,662,132
Transfers in and out	(484,720)	(439,256)	484,720	439,256	-	-
Changes in net position	4,861,369	2,910,631	701,644	1,751,501	5,563,013	4,662,132
Beginning net position, as restated	8,131,604	5,220,973	5,689,989	3,938,488	13,821,593	9,159,461
Ending net position	$ 12,992,973	$ 8,131,604	$ 6,391,633	$ 5,689,989	$ 19,384,606	$ 13,821,593

Governmental Activity - Revenues

Governmental revenues increased $3,757,474 or 22.9%. Capital grants increased $2,280,681 or 74.7% and is primarily attributable to Department of Transportation grants for railroad improvements and access roads to Hartsfield-Jackson International Airport. Property taxes increased $935,704 or 17.85% based on increases in assessed property values. Hotel/Motel taxes increased $528,601 based on increased travel related to Hartsfield-Jackson International Airport. Sales taxes increased $126,735 (6.79%) and other taxes increased $168,904 (9.76%) and are attributable to an improving state and national economy.

Governmental Activity Expenses

Overall, governmental expenses increased $1,761,272 or 13.49%. General government expenses increased $231,585 or 9.3% primarily from increases in pension expenses. Public safety expenses increased $614,342 or 11.18% as a result of an increase of $225,619 in E911 expenses and a $415,287 increase in pension expenses and other post-employment benefits. Highway and Streets expenses increased $410,486 or 43.05% as a result of an increase in pension expenses and other post-employment benefits of $224,278 and an increase of $148,623 primarily from increases in personnel costs. Trade, tourism and development expenses increased $365,504 or 17.87% primarily from increases in professional services.

Business-Type Activities

Overall Analysis – Total revenues increased $216,783 or 3.9%. Total operating expenses increased $1,346,842 or 36.16%. In total, the operating income decreased $1,130,059 or 62.68% over fiscal year 2018 amount.

The operating income (loss) for each utility was as follows:

	2019	2018
Water and sewerage system	$ 757,967	$ 1,507,153
Development authority	63,784	118,331
Solid waste	54,085	52,169
Storm water utility	(203,043)	125,199
	$ 672,793	$ 1,802,852

The following includes an analysis of the fiscal year 2019 financial activities for each enterprise fund.

***Water and Sewerage System Fund* -** The operating income of $757,967 in fiscal year 2019 compares to an operating income of $1,507,153 in fiscal year 2018. Operating revenues increased $131,943 or 2.84% from $4,647,498 to $4,779,441. Total operating expenses increased $881,129 or 28%, from $3,140,345 in 2018 to $4,021,474 in 2019. Increases were primarily related to retirement costs, professional expenses and repair and maintenance costs. The increase in expenses was partially offset by a $519,597 reduction in transfers to the Development Authority. At fiscal year-end, net position totaled $14,399,442, a decrease of $199,594 from the prior fiscal year.

***Storm Water Utility Fund* –** The operating loss of this fund was $203,043 based on operating revenue of $265,370 and operating expenses of $468,413. Total operating revenues decreased $69,887 or 25.3% from the prior fiscal year. Total operating expenses increased $398,129 or 566.46% and primarily relates to a reallocation of personnel and related expenses to this fund. The net position of this fund at June 30, 2019 was $971,104.

Solid Waste Fund – Net position for this fund increased $54,085 or 10.56%. Operations were consistent with the prior fiscal year. Revenues increased from $544,300 to $558,603, an increase of $14,303 or 2.63%. Expenses increased from $492,131 to $504,518, an increase of $12,387 or 2.52%. Operating income for fiscal 2019 was $54,085, an increase of $1,916 or 3.67% from the prior year.

***Development Authority Fund* –** This fund is utilized as the bond agent for the City. In this fiscal year, this fund reported only $140,841 in revenues and $77,057 in expenses. This fund received transfers in of $1,443,081. This fund received a transfer of $495,958 from the general fund to cover bond debt payments for the 2004A, 2007, and 2014 bond issues. Also transferred was $947,123 from the water and sewer fund, which covers a portion of the same bond issues.

FUND ANALYSIS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the fiscal year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $3,827,430 compared to a balance of $4,420,967 at June 30, 2018.

Of this fiscal year-end total, $2,000,404 is unassigned indicating availability for continuing City service delivery requirements. This is an increase of $675,648 or 51% over the prior fiscal year. Legally restricted fund balances include $1,520,642, which is set aside for specific program purposes. The total ending fund balances of governmental funds decreased $593,537.

Major Governmental Funds

General Fund - The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. From our experience, the ending unassigned fund balance of $2,000,404 is considered adequate for cash flow purposes, although not excessive, representing the equivalent of 13.65% of annual expenditures. Below is a comparison of General Fund revenues and expenditures for 2019 and 2018.

	General Fund			
	2019	**2018(restated)**	**$Change**	**% Change**
Revenues:				
Taxes	$ 10,140,338	$ 8,793,922	$ 1,346,416	15.3%
Licenses and permits	341,141	519,926	(178,785)	-34.4%
Intergovernmental revenues	100,226	22,340	77,886	348.6%
Fines and forfeitures	145,469	209,066	(63,597)	-30.4%
Charges for services	405,777	384,080	21,697	5.6%
Interest income	53	781	(728)	-93.2%
Other	72,417	199,329	(126,912)	-63.7%
Total revenues	11,205,421	10,129,444	1,075,977	10.6%
Expenditures:				
General government	2,389,436	2,729,155	(339,719)	-12.4%
Public safety	5,189,787	5,297,221	(107,434)	-2.0%
Highways and streets	811,407	662,784	148,623	22.4%
Culture and recreation	1,501,837	1,514,033	(12,196)	-0.8%
Judicial	148,668	128,537	20,131	15.7%
Planning and zoning	164,460	179,123	(14,663)	-8.2%
Trade tourism and development	4,088,543	2,008,033	2,080,510	103.6%
Debt service				
Principal	308,116	294,661	13,455	4.6%
Interest	57,025	42,210	14,815	35.1%
Total expenditures	14,659,279	12,855,757	1,803,522	14.0%
Excess (deficiency) of revenues over (under) expenditures	(3,453,858)	(2,726,313)	(727,545)	26.7%
Other financing sources (uses)				
Financed purchases	-	347,764	(347,764)	-100.0%
Transfers in	3,743,950	3,219,665	524,285	16.3%
Transfers out	(656,403)	(579,282)	(77,121)	13.3%
Total other financing sources (uses)	3,087,547	2,988,147	(99,400)	-3.3%
Net change in fund balances	(366,311)	261,834	(628,145)	-239.9%
Fund balances, beginning of fiscal year	3,321,038	3,059,204	261,834	8.6%
Fund balances, end of fiscal year	$ 2,954,727	$ 3,321,038	$ (366,311)	-11.0%

Prior fiscal year revenues and expenditures have been restated because the City dissolved the Hapeville Association of Trade and Tourism (HATT), which was previously reported as a blended component and major special revenue fund. As a result of the dissolution, the HATT is no longer reported as a blended component unit and is reported as part of the City's General Fund.

Total General Fund revenues increased $1,075,977 or 10.6%. The largest increase in revenues was taxes which increased $1,346,416 or 15.3%. The largest increase in taxes related to property taxes which increased from $5,198,135 to $6,248,912 or $1,050,777 (20%) as assessed property values have increased. Licenses and permits decreased $178,785 or 34.4% as the prior fiscal year benefitted from several significant building applications, of particular note; Towne Place Suites, RaceTrac, and Embassy Suites Hotel.

Fines and forfeitures decreased $63,597 or 30.4% because of lower police headcount thus fewer officer fines. Other revenues decreased $126,912 or 63.7% as the prior fiscal year benefitted from a significant insurance reimbursement.

Total General Fund expenditures increased $1,803,522 or 14%. General government expenditures decreased $339,719 or 12.4% and is primarily related to decreases in information technology expenditures and communication expenditures. Public safety expenditures decreased slightly by $107,434 or 2% as more expenditures were allocated to a separate E911 fund. Highways and street expenditures increased $148,623 or 22.4% and is primarily related to increased personnel costs allocated to this department. Trade tourism and development expenditures increased $2,008,510 or 103%, primarily related to one time theatre renovations.

Hotel/Motel Tax Fund - The City has levied an 8% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48- 13-51(b). The City is required to spend an amount equal to 62.50% of the total taxes collected at the rate of 8% for promoting tourism, conventions, and trade shows, or for facilities used for these purposes. Total revenues received were $3,636,829 and $3,108,228 in 2019 and 2018, respectively. In fiscal 2019, $3,636,829 was transferred to the General Fund to be used for the legally specified purposes.

Capital Project Fund – This fund accounts for capital project expenditures. The fund is mostly funded with federal and state grants. Revenues increased from $1,899,120 in fiscal year 2018 to $4,053,980 in fiscal year 2019. The primary sources of revenue for 2019 was $1,541,651 for Earmark Loop Road and $2,119,635 for railroad improvements. The remaining revenues were provided by smaller transportation grants.

Expenditures for this fund increased from $1,949,189 to $4,720,401 and are related to the corresponding increases in the project revenues noted above.

Proprietary Funds

Proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The business-type activities analysis above discusses the City's enterprise funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

A comparison of budgeted and actual expenses for the General Fund can be found on Page 20 or this report. In total, revenues were $566,321 better than budgeted and expenditures were $530,948 better than budgeted.

Property taxes were $395,912 better than budgeted as assessed values continue to increase. Franchise, Sales and Business taxes were respectively, $36,134, $140,229, and $141,228 better than budgeted as the state and local economies continue to improve. Licenses and permits were $178,859 below budgeted as building permit applications slowed from prior fiscal year. Fines and forfeitures were $69,531 less than budgeted because of lower police headcount thus fewer officer fines.

Public Safety expenditures were $406,003 less than budgeted because lower officer headcount, and difficulty retaining officers. Trade tourism and development was $226,243 more than budgeted because theater renovation progressed faster than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2019, was $25,141,684 and $13,095,381, respectively. The change in this net investment was a 37.1% increase for governmental activities and a 3.24% decrease for business-type activities. See Note 6 for additional information about changes in capital assets during the fiscal year and balances at the end of the fiscal year.

The following table provides a summary of capital asset activity:

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Non-depreciable assets:						
Land	$ 1,367,730	$ 1,367,730	$ -	$ -	$ 1,367,730	$ 1,367,730
Construction in progress	8,801,471	4,240,360	-	-	8,801,471	4,240,360
Total non-depreciable	10,169,201	5,608,090	-	-	10,169,201	5,608,090
Depreciable assets:						
Water system	-	-	13,986,875	13,986,875	13,986,875	13,986,875
Rights to capacity	-	-	5,508,846	5,508,846	5,508,846	5,508,846
Buildings and improvements	6,726,412	6,726,412	-	-	6,726,412	6,726,412
Land improvements	3,746,441	3,746,441	-	-	3,746,441	3,746,441
Auto, trucks and equipment	9,585,557	9,011,860	985,005	985,005	10,570,562	9,996,865
Infrastructure	25,690,031	22,996,208	1,183,803	1,183,803	26,873,834	24,180,011
Total depreciable assets	45,748,441	42,480,921	21,664,529	21,664,529	67,412,970	64,145,450
Less accumulated depreciation	30,775,958	29,753,571	8,569,148	8,131,207	39,345,106	37,884,778
Book value - depreciable assets	14,972,483	12,727,350	13,095,381	13,533,322	28,067,864	26,260,672
Percentage depreciated	67%	70%	40%	38%	58%	59%
Total book value	$ 25,141,684	$ 18,335,440	$13,095,381	$ 13,533,322	$ 38,237,065	$ 31,868,762

The balance of major projects remaining in construction in progress in governmental activities include:

- Loop Access Road - $2,790,953;
- Railroad - $3,715,004;
- Theatre renovation - $2,133,561; and
- Construction in progress also includes smaller balances for streetscapes and a kitchen remodeling project.

Major additions to capital assets included $573,697 for vehicle purchases.

Long-term Debt

The following table reports long-term debt balances at June 30, 2019 and 2018:

Outstanding Borrowings

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Financed purchases payable	$ 1,750,618	$ 1,534,610	$ -	$ -	$ 1,750,618	$ 1,534,610
Revenue bonds payable	-	-	10,280,000	11,630,000	10,280,000	11,630,000
Net pension liability	9,958,376	5,959,180	1,241,469	707,312	11,199,845	6,666,492
Total OPEB liability	11,732,924	9,388,230	1,480,552	1,132,066	13,213,476	10,520,296
Compensated absences	517,469	509,964	134,929	125,685	652,398	635,649
	$ 23,959,387	$ 17,391,984	$13,136,950	$ 13,595,063	$ 37,096,337	$ 30,987,047

See Note 7 for additional information about the City's long-term debt.

A SUMMARY OF THE ECONOMIC CONDITIONS AFFECTING THE CITY

The City is included in the Atlanta, Georgia Metropolitan area, very close to Hartsfield-Jackson International airport. The total population of the City as of July 1, 2019 was estimated to be 6,658 and per capita income is estimated at $24,474 which is 73% of the national average.

The unemployment rate for Fulton County, where the City is located is 3.1%.

The primary revenue streams for the City are property taxes, sales taxes, hotel/motel taxes and the recent addition of a TSPLOST tax. This is a good revenue mix as property taxes are classified as "inelastic" and sales taxes and hotel/motel taxes are classified as "elastic." Sales tax revenue is highly sensitive to fluctuations in the economy. The current economic situation has seen a bit of an upturn, with personal income in the U.S. improving. The City's 2019 revenue streams and the fiscal year 2019 budget has improved slightly but is still a no-frills operational budget with departmental levels remaining steady.

Capital projects have been able to continue with the new T-SPLOST tax helping with those projects. We are hopeful the economy will continue toward good recovery and we will constantly monitor our economic condition to make any necessary adjustments.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Finance Director, 3468 North Fulton Avenue, Hapeville, GA 30354.

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	$ 3,722,724	$ 2,382,518	$ 6,105,242
Restricted cash	-	812,819	812,819
Taxes receivable	1,215,598	-	1,215,598
Other receivables	43,991	-	43,991
Notes receivable, current	-	7,167	7,167
Notes receivable, noncurrent	-	104,103	104,103
Accounts receivable, net of allowances	-	895,627	895,627
Intergovernmental receivables	2,125,920	-	2,125,920
Internal balances	(1,136,605)	1,136,605	-
Property held for redevelopment	-	1,077,379	1,077,379
Prepaid items	306,384	-	306,384
Capital assets:			
Non-depreciable	10,169,201	-	10,169,201
Depreciable, net of accumulated depreciation	14,972,483	13,095,381	28,067,864
Total assets	31,419,696	19,511,599	50,931,295
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related items	1,845,828	232,920	2,078,748
Pension related items	6,555,601	844,789	7,400,390
Total deferred outflows of resources	8,401,429	1,077,709	9,479,138
LIABILITIES			
Accounts payable	2,165,119	550,897	2,716,016
Accrued liabilities	133,926	221,885	355,811
Customer deposits payable	-	219,698	219,698
Compensated absences due within one year	449,677	28,278	477,955
Compensated absences due in more than one year	67,792	106,651	174,443
Financed purchases due within one year	387,210	-	387,210
Financed purchases due in more than one year	1,363,408	-	1,363,408
Bonds payable due within one year	-	1,420,000	1,420,000
Bonds payable due in more than one year	-	8,860,000	8,860,000
Net pension liability due in more than one year	9,958,376	1,241,469	11,199,845
Total OPEB liability due in more than one year	11,732,924	1,480,552	13,213,476
Total liabilities	26,258,432	14,129,430	40,387,862
DEFERRED INFLOWS OF RESOURCES			
Pension related items	554,686	66,347	621,033
OPEB related items	15,034	1,898	16,932
Total deferred inflows of resources	569,720	68,245	637,965
NET POSITION			
Net investment in capital assets	23,391,066	13,095,381	36,486,447
Restricted for:			
Capital construction	35,051	812,819	847,870
Transportation projects	821,585	-	821,585
Public safety	42,501	-	42,501
Trade and tourism	605,438	-	605,438
Culture and recreation	13,933	-	13,933
Law enforcement	2,134	-	2,134
Unrestricted (deficit)	(11,918,735)	(7,516,567)	(19,435,302)
Total net position	$ 12,992,973	$ 6,391,633	$ 19,384,606

The accompanying notes are an integral part of these financial statements.

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	$ 2,721,802	$ 437,567	$ 17,656	$ 10,950	$ (2,255,629)	$ -	$ (2,255,629)
Public safety	6,111,073	581,009	-	-	(5,530,064)	-	(5,530,064)
Highway and Streets	1,363,892	-	-	5,323,803	3,959,911	-	3,959,911
Recreation	1,809,491	34,256	-	-	(1,775,235)	-	(1,775,235)
Judicial	154,675	-	-	-	(154,675)	-	(154,675)
Planning and zoning	187,009	-	-	-	(187,009)	-	(187,009)
Trade tourism and development	2,410,903	-	-	-	(2,410,903)	-	(2,410,903)
Interest on long-term debt	61,350	-	-	-	(61,350)	-	(61,350)
Total governmental activities	14,820,195	1,052,832	17,656	5,334,753	(8,414,954)	-	(8,414,954)
Business-type activities:							
Development Authority	532,926	140,841	-	-	-	(392,085)	(392,085)
Water and Sewer	4,021,474	4,779,441	-	-	-	757,967	757,967
Solid Waste Utility	504,518	558,603	-	-	-	54,085	54,085
Stormwater Utility	468,413	265,370	-	-	-	(203,043)	(203,043)
Total business-type activities	5,527,331	5,744,255	-	-	-	216,924	216,924
Total primary government	$ 20,347,526	$ 6,797,087	$ 17,656	$ 5,334,753	(8,414,954)	216,924	(8,198,030)

	Governmental Activities	Business-type Activities	Total
General revenues:			
Property taxes	$ 6,177,974	$ -	$ 6,177,974
Franchise taxes	681,134	-	681,134
Insurance premium taxes	466,835	-	466,835
Hotel/Motel taxes	3,636,829	-	3,636,829
Sales taxes	1,992,229	-	1,992,229
Other taxes	751,228	-	751,228
Unrestricted investment earnings	53	-	53
Miscellaneous	54,761	-	54,761
Transfers	(484,720)	484,720	-
Total general revenues and transfers	13,276,323	484,720	13,761,043
Change in net position	4,861,369	701,644	5,563,013
Net position, beginning of fiscal year (restated)	8,131,604	5,689,989	13,821,593
Net position, end of fiscal year	$ 12,992,973	$ 6,391,633	$ 19,384,606

The accompanying notes are an integral part of these financial statements.

CITY OF HAPEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

ASSETS	General Fund	Hotel/Motel Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 2,774,232	$ 5,963	$ 79,092	$ 863,437	$ 3,722,724
Taxes receivable	520,984	691,724	-	2,890	1,215,598
Intergovernmental receivables	-	-	2,027,657	98,263	2,125,920
Other receivables	17,871	-	-	26,120	43,991
Due from other funds	697,687	-	112,966	3,532	814,185
Prepaid items	306,384	-	-	-	306,384
Total assets	$ 4,317,158	$ 697,687	$ 2,219,715	$ 994,242	$ 8,228,802
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 1,045,274	$ -	$ 1,108,588	$ 11,257	$ 2,165,119
Accrued liabilities	133,926	-	-	-	133,926
Due to other funds	31,694	697,687	1,111,127	110,282	1,950,790
Total liabilities	1,210,894	697,687	2,219,715	121,539	4,249,835
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	151,537	-	-	-	151,537
Total deferred inflows of resources	151,537	-	-	-	151,537
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaid items	306,384	-	-	-	306,384
Restricted:					
Capital construction	-	-	-	35,051	35,051
Transportation projects	-	-	-	821,585	821,585
Public safety	42,501	-	-	-	42,501
Trade and tourism	605,438	-	-	-	605,438
Culture and recreation	-	-	-	13,933	13,933
Law enforcement	-	-	-	2,134	2,134
Unassigned	2,000,404	-	-	-	2,000,404
Total fund balances	2,954,727	-	-	872,703	3,827,430
Total liabilities, deferred inflows of resources, and fund balances	$ 4,317,158	$ 697,687	$ 2,219,715	$ 994,242	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	25,141,684
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	151,537
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(2,268,087)
The deferred inlows and outflows of resources and the net pension liability and total OPEB liability are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the governmental funds.	(13,859,591)
Net position of governmental activities	$ 12,992,973

The accompanying notes are an integral part of these financial statements.

CITY OF HAPEVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Hotel/Motel Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 10,140,338	$ 3,636,829	$ -	$ 141,372	$ 13,918,539
Licenses and permits	341,141	-	-	-	341,141
Intergovernmental	100,226	-	4,053,980	1,180,547	5,334,753
Fines and forfeitures	145,469	-	-	-	145,469
Charges for services	405,777	-	-	160,445	566,222
Investment income	53	-	-	-	53
Contributions	17,656	-	-	-	17,656
Other revenues	54,761	-	-	-	54,761
Total revenues	11,205,421	3,636,829	4,053,980	1,482,364	20,378,594
Expenditures					
Current:					
General government	2,389,436	-	-	-	2,389,436
Public safety	5,189,787	-	-	286,125	5,475,912
Highway & Streets	811,407	-	-	-	811,407
Recreation	1,501,837	-	-	6,843	1,508,680
Judicial	148,668	-	-	-	148,668
Planning & Zoning	164,460	-	-	-	164,460
Trade tourism and development	4,088,543	-	-	-	4,088,543
Capital Outlay	-	-	4,720,401	1,334,562	6,054,963
Debt Service:					
Principal	308,116	-	-	30,440	338,556
Interest	57,025	-	-	4,325	61,350
Total expenditures	14,659,279	-	4,720,401	1,662,295	21,041,975
Excess (deficiency) of revenues over (under) expenditures	(3,453,858)	3,636,829	(666,421)	(179,931)	(663,381)
Other financing sources (uses):					
Financed purchases	-	-	554,564	-	554,564
Transfers in	3,743,950	-	10,438	160,445	3,914,833
Transfers out	(656,403)	(3,636,829)	-	(106,321)	(4,399,553)
Total other financing sources (uses)	3,087,547	(3,636,829)	565,002	54,124	69,844
Net change in fund balances	(366,311)	-	(101,419)	(125,807)	(593,537)
Fund balances, beginning of fiscal year (restated)	3,321,038	-	101,419	998,510	4,420,967
Fund balances, end of fiscal year	$ 2,954,727	$ -	$ -	$ 872,703	$ 3,827,430

The accompanying notes are an integral part of these financial statements.

CITY OF HAPEVILLE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(593,537)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense exceeded in the current period.		6,822,465
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(212,310)
The effect of disposals of capital assets is to decrease net position.		(16,221)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(216,008)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(923,020)
Change in net position - governmental activities	$	4,861,369

The accompanying notes are an integral part of these financial statements.

CITY OF HAPEVILLE, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget			Variance With
	Original	**Final**	**Actual**	**Final Budget**
Revenues				
Taxes				
Property	$ 5,853,000	$ 5,853,000	$ 6,248,912	$ 395,912
Franchise	645,000	645,000	681,134	36,134
Sales	1,852,000	1,852,000	1,992,229	140,229
Business	610,000	610,000	751,228	141,228
Insurance Premium	475,000	475,000	466,835	(8,165)
Licenses and permits	520,000	520,000	341,141	(178,859)
Fines and forfeitures	215,000	215,000	145,469	(69,531)
Interest	500	500	53	(447)
Charges for services	346,100	346,100	405,777	59,677
Intergovernmental	76,000	76,000	100,226	24,226
Contributions	7,500	7,500	17,656	10,156
Miscellaneous	39,000	39,000	54,761	15,761
Total revenues	10,639,100	10,639,100	11,205,421	566,321
Expenditures				
Current:				
General government:				
Governing Body	44,000	44,000	39,161	4,839
Mayor and Commission	25,850	25,850	21,081	4,769
City Manager	465,105	465,105	445,465	19,640
City Clerk	170,360	170,360	156,995	13,365
Elections	5,200	19,700	17,137	2,563
Finance	690,666	717,666	713,152	4,514
Law	350,000	388,500	387,784	716
Human Resources	353,037	358,037	356,249	1,788
Information Technology	313,014	313,014	252,412	60,602
Total general government	2,417,232	2,502,232	2,389,436	112,796
Public safety:				
Police	3,075,045	3,075,045	2,742,651	332,394
Fire	2,520,745	2,520,745	2,447,136	73,609
Total public safety	5,595,790	5,595,790	5,189,787	406,003
Judicial	168,082	168,082	148,668	19,414
Highway & Streets	828,087	834,087	811,407	22,680
Recreation	1,433,734	1,515,434	1,501,837	13,597
Planning & Zoning	347,161	347,161	164,460	182,701
Trade, Tourism and Development	3,855,800	3,862,300	4,088,543	(226,243)
Debt Service:				
Principal	308,116	308,116	308,116	-
Interest	57,025	57,025	57,025	-
Total expenditures	15,011,027	15,190,227	14,659,279	530,948
Deficiency of revenues under expenditures	(4,371,927)	(4,551,127)	(3,453,858)	1,097,269
Other financing sources (uses)				
Transfers out	(868,852)	(689,652)	(656,403)	33,249
Transfers in	5,188,079	5,188,079	3,743,950	(1,444,129)
Total other financing sources (uses)	4,319,227	4,498,427	3,087,547	(1,410,880)
Net change in fund balances	(52,700)	(52,700)	(366,311)	(313,611)
Fund balances, beginning of fiscal year (restated)	3,321,038	3,321,038	3,321,038	-
Fund balances, end of fiscal year	$ 3,268,338	$ 3,268,338	$ 2,954,727	$ (313,611)

The accompanying notes are an integral part of these financial statements.

CITY OF HAPEVILLE, GEORGIA
HOTEL/MOTEL FUND

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 3,950,000	$ 3,950,000	$ 3,636,829	$ (313,171)
Total revenues	3,950,000	3,950,000	3,636,829	(313,171)
OTHER FINANCING USES				
Operating Transfers:				
Transfers out	(3,950,000)	(3,950,000)	(3,636,829)	313,171
Total transfers	(3,950,000)	(3,950,000)	(3,636,829)	313,171
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal year	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-type Activities - Enterprise Funds				
ASSETS	Development Authority Fund	Water & Sewer Utility Fund	Solid Waste Fund	NonMajor Fund Stormwater Utility Fund	Totals
CURRENT ASSETS					
Cash	$ 271,869	$ 1,754,131	$ 85,527	$ 270,991	$ 2,382,518
Restricted cash	812,819	-	-	-	812,819
Accounts receivable, net of allowances	-	675,560	82,227	137,840	895,627
Notes receivable, current	7,167	-	-	-	7,167
Due from other funds	-	1,136,605	-	-	1,136,605
Total current assets	1,091,855	3,566,296	167,754	408,831	5,234,736
NONCURRENT ASSETS					
Notes receivable, long term	104,103	-	-	-	104,103
Advance from other funds	-	279,942	-	-	279,942
Property held for redevelopment	1,077,379	-	-	-	1,077,379
Infrastructure	-	13,677,644	-	1,493,034	15,170,678
Furniture, fixtures and equipment	-	814,803	170,202	-	985,005
Intangible asset-capacity rights	-	5,508,846	-	-	5,508,846
Accumulated depreciation	-	(7,742,040)	(125,779)	(701,329)	(8,569,148)
Total noncurrent assets	1,181,482	12,539,195	44,423	791,705	14,556,805
Total assets	2,273,337	16,105,491	212,177	1,200,536	19,791,541
DEFERRED OUTFLOWS OF RESOURCES					
OPEB related items	-	137,363	68,590	26,967	232,920
Pension related items	-	493,708	304,650	46,431	844,789
Total deferred outflows of resources	-	631,071	373,240	73,398	1,077,709
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	26,106	412,227	37,094	75,470	550,897
Accrued liabilities	208,102	8,429	3,853	1,501	221,885
Customer deposits payable	-	219,698	-	-	219,698
Compensated absences payable	-	21,367	6,911	-	28,278
Bonds payable	1,420,000	-	-	-	1,420,000
Total current liabilities	1,654,208	661,721	47,858	76,971	2,440,758
NONCURRENT LIABILITIES					
Compensated absences, long term	-	30,130	76,521	-	106,651
Advance from other funds	279,942	-	-	-	279,942
Bonds payable,long term	8,860,000	-	-	-	8,860,000
Net pension liability	-	730,053	458,293	53,123	1,241,469
Total OPEB liability	-	873,144	435,991	171,417	1,480,552
Total noncurrent liabilities	9,139,942	1,633,327	970,805	224,540	11,968,614
Total liabilities	10,794,150	2,295,048	1,018,663	301,511	14,409,372
DEFERRED INFLOWS OF RESOURCES					
Pension related items	-	40,953	24,295	1,099	66,347
OPEB related items	-	1,119	559	220	1,898
Total deferred inflows of resources	-	42,072	24,854	1,319	68,245
NET POSITION					
Investment in capital assets	-	12,259,253	44,423	791,705	13,095,381
Restricted for capital projects	812,819	-	-	-	812,819
Unrestricted (deficit)	(9,333,632)	2,140,189	(502,523)	179,399	(7,516,567)
Total net position (deficit)	$ (8,520,813)	$ 14,399,442	$ (458,100)	$ 971,104	$ 6,391,633

The accompanying notes are an integral part of these financial statements.

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds				
	Development Authority Fund	Water & Sewer Utility Fund	Solid Waste Fund	NonMajor Fund Stormwater Utility Fund	Totals
OPERATING REVENUE					
Water fees	$ -	$ 4,779,441	$ -	$ -	$ 4,779,441
Stormwater fees	-	-	-	265,370	265,370
Sanitation fees	-	-	558,603	-	558,603
Interest on notes receivable	1,608	-	-	-	1,608
Miscellaneous	139,233	-	-	-	139,233
Total operating revenues	140,841	4,779,441	558,603	265,370	5,744,255
OPERATING EXPENSES					
Cost of sales and services	77,057	1,969,809	488,614	439,390	2,974,870
Water purchases	-	1,658,651	-	-	1,658,651
Depreciation and amortization	-	393,014	15,904	29,023	437,941
Total operating expenses	77,057	4,021,474	504,518	468,413	5,071,462
Operating income (loss)	63,784	757,967	54,085	(203,043)	672,793
NON-OPERATING EXPENSES					
Interest expense	(455,869)	-	-	-	(455,869)
Total non-operating expenses	(455,869)	-	-	-	(455,869)
Income (loss) before transfers	(392,085)	757,967	54,085	(203,043)	216,924
Transfers in	1,443,081	-	-	-	1,443,081
Transfers out	(800)	(957,561)	-	-	(958,361)
Total transfers	1,442,281	(957,561)	-	-	484,720
Change in net position	1,050,196	(199,594)	54,085	(203,043)	701,644
Total net position (deficit), beginning (restated)	(9,571,009)	14,599,036	(512,185)	1,174,147	5,689,989
Total net position (deficit), ending	$ (8,520,813)	$ 14,399,442	$ (458,100)	$ 971,104	$ 6,391,633

The accompanying notes are an integral part of these financial statements.

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds				
	Development Authority Fund	Water & Sewer Utility Fund	Solid Waste Fund	Nonmajor Fund Stormwater Utility Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 140,841	$ 4,644,750	$ 558,979	$ 246,152	$ 5,590,722
Payments to suppliers	(50,951)	(3,705,249)	(151,987)	(277,030)	(4,185,217)
Payments to employees	-	(984,533)	(297,848)	(85,389)	(1,367,770)
Other changes related to pension and opeb plans	-	95,895	(74,536)	152,461	173,820
Net cash provided by operating activities	89,890	50,863	34,608	36,194	211,555
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	1,443,081	-	-	-	1,443,081
Transfers out to other funds	(800)	(957,561)	-	-	(958,361)
Principal payments on bonds payable	(1,350,000)	-	-	-	(1,350,000)
Interest paid on long term debt	(469,628)	-	-	-	(469,628)
Paid (received) advance (to) from other funds	279,942	(279,942)	-	-	-
Payments received on note receivable	6,750	-	-	-	6,750
Net cash used in non-capital financing activities	(90,655)	(1,237,503)	-	-	(1,328,158)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Proceeds from disposal of asset held for redevelopment	55,899	-	-	-	55,899
Net cash used in capital and related financing activities	55,899	-	-	-	55,899
Net increase (decrease) in cash	55,134	(1,186,640)	34,608	36,194	(1,060,704)
Cash, beginning of fiscal year	1,029,554	2,940,771	50,919	234,797	4,256,041
Cash, end of fiscal year	$ 1,084,688	1,754,131	$ 85,527	$ 270,991	$ 3,195,337
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	$ 63,784	$ 757,967	$ 54,085	$ (203,043)	$ 672,793
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	-	393,014	15,904	29,023	437,941
Change in assets and liabilities:					
(Increase) Decrease in accounts receivable	-	(134,691)	376	(19,218)	(153,533)
Increase in deferred outflows for pension items	-	(253,320)	(167,116)	(46,431)	(466,867)
Increase in deferred outflows for OPEB items		(137,363)	(68,590)	(26,967)	(232,920)
Increase in accounts payable	26,106	67,542	31,994	75,470	201,112
Increase (Decrease) in accrued liabilities	-	1,372	(820)	1,501	2,053
Increase in compensated absences payable	-	1,639	7,605	-	9,244
Increase (Decrease) in total OPEB liability	-	202,856	(25,787)	171,417	348,486
Increase in customer deposits	-	4,730	-	-	4,730
Decrease in due to other funds	-	(1,136,605)	-	-	(1,136,605)
Increase in net pension liability	-	289,832	191,202	53,123	534,157
Increase (decrease) in deferred inflows for pension items	-	(7,229)	(3,957)	1,099	(10,087)
Increase (Decrease) in deferred inflows for OPEB items	-	1,119	(288)	220	1,051
Net cash provided by operating activities	$ 89,890	$ 50,863	$ 34,608	$ 36,194	$ 211,555

The accompanying notes are an integral part of these financial statements.

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

ASSETS	Pension Trust Fund
Corporate stocks	$ 16,362,463
Mutual funds invested in bonds	6,746,571
Total assets	23,109,034
NET POSITION	
Net position restricted for pension benefits	$ 23,109,034

The accompanying notes are an integral part of these financial statements.

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

ADDITIONS	
Contributions	
Employer contributions	$ 888,938
Total contributions	888,938
Investment earnings	
Net increase in fair value of investments	1,317,517
Total investment earnings	1,317,517
Total additions	2,206,455
DEDUCTIONS	
Benefit payments	2,331,960
Total deductions	2,331,960
Change in net position	(125,505)
NET POSITION RESTRICTED FOR PENSION BENEFITS:	
Beginning of fiscal year	23,234,539
End of fiscal year	$ 23,109,034

The accompanying notes are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Hapeville, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City operates under a mayor/council/city manager form of government and provides the following services to its citizens: public safety, public works, highways and streets, parks and recreation, tourism and trade, planning and zoning, and general and administrative services.

The accompanying financial statements present the City and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. In conformity with generally accepted accounting principles, the component unit is reported as blended component unit.

The Hapeville Development Authority (Development Authority) has been included as a blended component unit in the accompanying financial statements. The City appoints all of the members of the Development Authority's Board. The Development Authority has the authority to issue bonded debt. Its debt issuance and operational budgets must be approved by the City Council. Debt payments on bonds issued by the Development Authority are paid by the City's enterprise and general funds. The Development Authority is presented as a major enterprise fund.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within, 60 days for property taxes and 180 days for all other items, of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, “Accounting and Financial Reporting for Non-exchange Transactions,” the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Hotel/Motel Fund** accounts for the collection of hotel/motel tax proceeds and related expenditures.

The **Capital Project Fund** account for the receipt and expenditure of funds related to major capital projects throughout the City restricted for capital construction projects within the City.

The City reports the following major proprietary funds:

The **Development Authority Fund** is used to hold real estate properties which are intended for resale for future economic development in the City. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest.

The **Water and Sewer Fund** account for water and sewer service operations to the residents of the City. Activities of the fund include administration, operations and maintenance of the system and billing and collection activities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The **Solid Waste (or Sanitation) Fund** accounts for the collection of fees for garbage collection, disposal and recycling programs and related expenses.

The City also reports the following non major proprietary fund:

<u>Stormwater Utility Fund</u> – This fund is used to account for the collection of fees for upgrades to stormwater drains and related expenses.

The City also reports the following fund types:

The **Special Revenue funds** are used to account for specific revenues that are legally restricted or committed to expenditures for particular purposes.

The **Capital Projects funds** account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays.

The **Pension Trust Fund** accounts for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by the City at rates determined by actuarial computations.

In accounting and reporting for its proprietary operations, the City applies all GASB pronouncements. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets

Annual appropriated budgets are adopted for all funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year-end. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City.

E. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

All investments are recorded at fair value.

Increases or decreases in the fair value of the City's investments during the year are recognized as a component of investment income.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by a non-spendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items in both government-wide and fund financial statements. A prepaid item is recognized when a cash expenditure is made for goods or services that were purchased for consumption, but not consumed as of June 30.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value. The City has reported infrastructure assets consistent with the retroactive reporting requirements of GASB Statement 34.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Infrastructure	10-30
Buildings and improvements	15-50
Land improvements	10-20
Furniture and Equipment	10-15
Autos, Trucks, and Equipment	5-10
Water and Sewer System	50
Intangible-Water Capacity Rights	50

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has one type of item that qualifies for reporting in this category related to changes in its net pension liability and total OPEB liability. See discussion below.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources from the revenue recognition of property taxes, *unavailable revenue*. The governmental funds report unavailable revenues from property taxes as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

Finally, the City also has deferred outflows and inflows of resources related to the recording of changes in its net pension and total OPEB liability. Certain changes in the net pension and total OPEB liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension and total OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension and total OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are reported as expenses in the periods in which they are incurred.

In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources. Bond issuance costs are reported as debt service expenditures.

L. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets, liabilities, and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Equity (Continued)

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the City Council. Approval of a resolution after a formal vote of the City Council is required to establish a commitment of fund balance. Similarly, the City Council may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through the adoption of a resolution, the City Council has expressly delegated to the City Manager the authority to assign fund balances for particular purposes.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Equity (Continued)

Net Position – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. Pensions

The City of Hapeville Employees' Retirement System uses a single fiduciary fund to maintain its financial records. The fiduciary fund is accounted for on a flow of economic resources measurement focus. Employer contributions are recognized when paid or contractually due. Benefit payments are recognized when due and payable in accordance with the terms of the Plan.

N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds." The details of this $2,268,087 difference are as follows:

Financed purchases payable	$	(1,750,618)
Compensated absences		(517,469)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(2,268,087)

Another element of that reconciliation explains that "the deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan and OPEB plan are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the governmental funds." The details of this $13,859,591 difference are as follows:

Deferred outflows of resources - pension related items	$	6,555,601
Deferred inflows of resources - pension related items		(554,686)
Deferred outflows of resources - OPEB related items		1,845,828
Deferred inflows of resources - OPEB related items		(15,034)
Net pension liability		(9,958,376)
Total OPEB liability		(11,732,924)
Net adjustment to reduce *fund balance - total governmental funds to arrive at net position - governmental activities*	$	(13,859,591)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $6,822,465 difference are as follows:

Capital outlay	$	7,844,852
Depreciation expense		(1,022,387)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	6,822,465

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this $216,008 difference are as follows:

Issuance of financed purchases	$	(554,564)
Principal payments on financed purchases		338,556
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(216,008)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this $923,020 difference are as follows:

Compensated absences	$	(7,505)
Total other postemployment benefits (OPEB) liability deferred inflows/outflows of resources		(496,674)
Net pension liability and related deferred outflows and deferred inflows/outflows of resources		(418,841)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(923,020)

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Prior to July 1, the Director of Finance submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. After revisions, if any, by the council, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Council. Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City. Encumbrances outstanding do not constitute expenditures or liabilities and are re-appropriated in the subsequent year. Unencumbered appropriations lapse at year-end. The budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles. Proprietary fund type budgets are adopted for management control purposes only.

The following Funds had the following departments with excess of actual expenditures over appropriations for the fiscal year ended June 30, 2019:

General Fund- Trade, Tourism, Development	$	226,243
Emergency 911 Fund - Public safety		168,584
TSPLOST Fund - Capital Outlay		134,562

These over expenditures were funded by greater than anticipated revenues and by available fund balance.

NOTE 4. DEPOSITS AND INVESTMENTS

Primary Government

The table below summarizes the City's cash and cash equivalents and investments by type as of June 30, 2019:

Investment	Maturities	Balance
Deposits with financial institutions	--	$ 6,378,345
Money market funds	--	539,716
Total		$ 6,918,061

As reported in the Statement of Net Position:

Cash and cash equivalents	$ 6,105,242
Restricted cash	812,819
Total	$ 6,918,061

Credit risk: State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City has no investment policy that would further limit its investment choices.

Fair Value Measurements: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Primary Government (Continued)

The Money Market Funds, classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2019, the financial institution holding the main operating deposits of the City is a participant of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State.

Interest rate risk: With regard to its investments (aside from those held in the Pension Trust Fund), the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At June 30, 2019, information on the credit risk and interest rate risk related to the City's investments is disclosed as follows:

Investment	Weighted Average Maturity (Days)	Credit Rating	Fair Value
Money market funds	20	Aaa	$ 539,716

Fair Value Measurements: The City has the following recurring fair value measurements as of June 30, 2019:

Investment	Level 1	Level 2	Level 3	Fair Value
Money market funds	$ 539,716	$ -	$ -	$ 539,716
Total investments measured at fair value	$ 539,716	$ -	$ -	$ 539,716

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Trust Fund

The Pension Trust Fund's policy in regard to investments, including the allocation of invested assets, is established and may be amended by the Board of Trustees of the Employees' Retirement System of the City of Hapeville. The Pension Trust Fund is authorized to invest in cash and cash equivalents (including money market funds and stable value funds), fixed income securities (government and corporate entity obligations, asset-backed securities, commercial paper or similar fixed income contracts), and domestic equities.

As of June 30, 2019, the Pension Trust Fund had $23,109,034 invested in the following types of investments:

Investment	Fair Value
Mutual funds invested in bonds	$ 6,746,571
Corporate stocks	16,362,463
Total	$ 23,109,034

Credit Risk. It is the Plan's policy to limit investments to either mutual fund equities or fixed income bonds. Domestic bonds are limited to those with ratings that meet or exceed investment grade as defined by Moody's, S&P, or Fitch. Mutual funds invested in bonds are also not classified by credit quality.

Interest Rate Risk: The pension trust fund investment policy adopts the following asset mix to achieve a low level of risk for the plan: 70% equity securities and 30% fixed income securities.

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NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Trust Fund (continued)

At June 30, 2019, information on the credit risk related to the Pension Trust Fund's investments is disclosed as follows:

Investment	Credit Rating		Fair Value
Mutual funds invested in bonds	AAA - BBB	$	6,746,571
Corporate stocks	not rated		16,362,463
		$	23,109,034

At June 30, 2019, information on the interest rate risk related to the Pension Trust Fund's investments is disclosed as follows:

Investment	Weighted Average Maturity		Fair Value
Mutual funds invested in bonds	3.70 years	$	6,746,571
		$	6,746,571

Concentration: On June 30, 2019, the Pension Trust Fund did not have any debt or equity investments in any one organization, other than those issued by the U.S. Government, which represented greater than 5% of plan fiduciary net position.

Rate of Return: For the fiscal year ended June 30, 2019, the annual money-weighted rate of return on Pension Trust Fund investments, net of investment expenses, was 5.71%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2019, the Pension Trust Fund did not have any deposits with financial institutions which were uninsured or under collateralized, as defined by State statutes.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Trust Fund (continued)

Fair Value Measurements: The Pension Trust Fund has the following recurring fair value measurements as of June 30, 2019:

Investment	Level 1	Level 2	Level 3	Fair Value
Mutual Funds invested in bonds	$ -	$ 6,746,571	$ -	$ 6,746,571
Corporate Stocks	$ -	16,362,463	$ -	16,362,463
Total investments	$ -	$ 23,109,034	$ -	$ 23,109,034

The mutual fund securities classified in Level 2 of the fair value hierarchy are valued using quoted prices of identical or similar assets in markets that are not active or inputs other than quoted prices. The corporate stocks classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 5. RECEIVABLES

Property tax receivables

Property taxes are levied on property values assessed as of January 1. The billing is mailed September 1 which is considered the levy date. The billings are due 45 days upon receipt by the taxpayer. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City. Property taxes are recorded as receivables and deferred inflows of resources (unavailable revenues) when assessed. Revenues are recognized when available.

Enterprise fund solid waste fees and stormwater fees are billed monthly on the 15th of the month and are due on the 20th of the next month. Estimated unbilled revenues from the enterprise funds are recognized at the end of each fiscal year based on the amount of service provided prior to year-end.

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NOTE 5. RECEIVABLES (CONTINUED)

Property tax receivables (Continued)

Receivables at June 30, 2019, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Hotel/Motel	Capital Project	Nonmajor Governmental Funds	Governmental Funds Total
Receivables:					
Taxes	$ 655,398	$ 691,724	$ -	$ 2,890	$ 1,350,012
Intergovernmental	-	-	2,027,657	98,263	2,125,920
Other	17,871	-	-	26,120	43,991
Less allowance for uncollectible	(134,414)	-	-	-	(134,414)
Net total receivable	$ 538,855	$ 691,724	$ 2,027,657	$ 127,273	$ 3,385,509

	Development Authority	Water & Sewer	Solid Waste	Stormwater	Proprietary Funds Total
Receivables:					
Accounts	$ -	$ 819,561	$ 116,633	$ 284,508	$ 1,220,702
Less allowance for uncollectible	-	(144,001)	(34,406)	(146,668)	(325,075)
Note receivable	111,270	-	-	-	111,270
Net total receivable	$ 111,270	$ 675,560	$ 82,227	$ 137,840	$ 1,006,897

Notes Receivables

The Development Authority issued a loan (note receivable) in 2010 to Hoe Cakes Bakery, LLC for $159,000. The Authority loaned the bakery the money to purchase the bakery property in an effort to have more business in the City limits. The Authority will receive 240 monthly payments of $1,139 at an interest rate of 6.0%.

Activity on the note for the fiscal year ended June 30, 2019 is shown below.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Receivable	$ 118,020	$ -	$ (6,750)	$ 111,270	$ 7,167
Total	$ 118,020	$ -	$ (6,750)	$ 111,270	$ 7,167

NOTE 5. RECEIVABLES (CONTINUED)

Notes Receivables (continued)

Future repayments to be received by the Development Authority are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 7,167	$ 6,503	$ 13,670
2021	7,609	6,061	13,670
2022	8,078	5,592	13,670
2023	8,576	5,093	13,669
2024	9,105	4,564	13,669
2025-2029	54,675	13,672	68,347
2030-2031	16,060	666	16,726
Total	$ 111,270	$ 42,151	$ 153,421

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NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Transfers CIP	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 1,367,730	$ -	$ -	$ -	$ 1,367,730
Construction in progress	4,240,360	7,232,326	(16,221)	(2,654,994)	8,801,471
Total	5,608,090	7,232,326	(16,221)	(2,654,994)	10,169,201
Capital assets, being depreciated:					
Autos & Trucks & Equipment	9,011,860	573,697	-	-	9,585,557
Land improvements	3,746,441	-	-	-	3,746,441
Buildings and improvements	6,726,412	-	-	-	6,726,412
Infrastructure	22,996,208	38,829	-	2,654,994	25,690,031
Total	42,480,921	612,526	-	2,654,994	45,748,441
Less accumulated depreciation for:					
Autos & Trucks & Equipment	(6,329,605)	(380,510)	-	-	(6,710,115)
Land improvements	(2,669,482)	(114,366)	-	-	(2,783,848)
Buildings and improvements	(3,094,285)	(173,815)	-	-	(3,268,100)
Infrastructure	(17,660,199)	(353,696)	-	-	(18,013,895)
Total	(29,753,571)	(1,022,387)	-	-	(30,775,958)
Total capital assets, being depreciated, net	12,727,350	(409,861)	-	2,654,994	14,972,483
Governmental activities capital assets, net	$ 18,335,440	$ 6,822,465	$ (16,221)	$ -	$ 25,141,684

Depreciation expense was charged to functions/programs of the City's governmental activities as follows:

Governmental activities:	
General Government	$ 158,858
Public Safety	272,289
Highway & Streets	336,949
Recreation	183,220
Trade, Tourism and Development	71,071
Total depreciation expense - governmental activities	$ 1,022,387

NOTE 6. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, being depreciated:					
Water System	$ 13,986,875	$ -	$ -	$ -	$ 13,986,875
Rights to Capacity	5,508,846	-	-	-	5,508,846
Equipment	985,005	-	-	-	985,005
Infrastructure	1,183,803	-	-	-	1,183,803
Total	21,664,529	-	-	-	21,664,529
Less accumulated depreciation for:					
Water System	(5,471,184)	(263,678)	-	-	(5,734,862)
Rights to capacity amortization	(1,199,032)	(110,177)	-	-	(1,309,209)
Equipment	(788,686)	(35,063)	-	-	(823,749)
Infrastructure	(672,305)	(29,023)	-	-	(701,328)
Total	(8,131,207)	(437,941)	-	-	(8,569,148)
Total capital assets, being depreciated, net	13,533,322	(437,941)	-	-	13,095,381
Busiiness-type activities capital assets, net	$ 13,533,322	$ (437,941)	$ -	$ -	$ 13,095,381

Amortization and depreciation expense was charged to functions/programs of the City's business-type activities as follows:

Business-type activities:	
Water & Sewer	$ 282,837
Amortization of rights to capacity- Water & Sewer	110,177
Solid Waste	15,904
Stormwater	29,023
Total depreciation expense - business-type activities	$ 437,941

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Financed purchases from direct borrowings:					
SunTrust - Phase I	$ 97,391	$ -	$ (38,154)	$ 59,237	$ 39,218
SunTrust - Phase III	61,024	-	(30,129)	30,895	30,895
SunTrust - Phase IV	-	554,564	(35,462)	519,102	72,724
AT&T Capital Services, Inc. lease	77,261	-	(30,440)	46,821	32,580
U.S. Bancorp Firetruck lease	809,739	-	(62,587)	747,152	64,587
De Lage Landen Public Finance LLC	401,308	-	(111,894)	289,414	116,098
Regions Police Vehicles	87,887	-	(29,890)	57,997	31,108
Total OPEB liability	9,388,230	2,541,987	(197,293)	11,732,924	-
Net pension liability	5,959,180	5,940,876	(1,941,680)	9,958,376	-
Compensated absences	509,964	610,510	(603,005)	517,469	449,677
Governmental activity Long-term liabilities	$ 17,391,984	$ 9,647,937	$ (3,080,534)	$ 23,959,387	$ 836,887

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable - direct placement	$ 11,630,000	$ -	$ (1,350,000)	$ 10,280,000	$ 1,420,000
Total OPEB liability	1,132,066	372,871	(24,385)	1,480,552	-
Net pension liability	707,312	798,932	(264,775)	1,241,469	-
Compensated absences	125,685	47,269	(38,025)	134,929	28,278
Business-type activity Long-term liabilities	$ 13,595,063	$ 1,219,072	$ (1,677,185)	$ 13,136,950	$ 1,448,278

For governmental funds, financed purchases from direct borrowings, compensated absences, the net pension liability and the total OPEB liability, are liquidated by the General Fund. For business-type activities, compensated absences, the net pension liability, and total OPEB liability are liquidated by the Water & Sewer Utility Fund, the Solid Waste Fund and the Stormwater Fund.

NOTE 7. LONG-TERM DEBT (Continued)

Financed Purchases – Equipment. The City has entered into several finance purchase agreements as lessee for financing the acquisition of equipment used in general governmental activities. The agreements qualify as a financed purchase for accounting purposes as either the titles transfer at the end of the lease terms or the leases include bargain purchase options and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. Lease payments are due in annual installments.

The original cost of the City's assets under capital lease arrangements at June 30, 2019 is $3,006,075 and there has been $917,469 of accumulated depreciation as of fiscal year-end. Annual amortization of leased assets is included in depreciation expense.

Phase I of the lease began January 2011 for financing the acquisition of various vehicles totaling $812,941 including five police vehicles, an ambulance, a fire pumper truck, a garbage truck, and a pickup truck. The annual interest rate applicable to this lease is 2.75% and matures in December 2020.

Phase III of the lease began June 2016 for financing the acquisition of three police vehicles totaling $119,082. The annual interest rate applicable to this phase is 2.5% and matures in June 2020.

Phase IV of the lease began November 2018 for financing the acquisition of various equipment totaling $554,564. The annual interest rate applicable to this phase is 3.363% and matures in November 2025.

In December 2015, the City entered into an equipment lease purchase agreement with AT&T Capital Services, Inc. for the purchase of E-911 equipment totaling $146,961. The annual interest rate applicable to this lease is 6.813% and matures in November 2020.

In March 2016, the City entered into two lease agreements – one with De Lage Landen Public Finance LLC for the purchase of computer equipment costing $13,968 and one with U.S. Bancorp Government Leasing and Finance, Inc. for the purchase of one 95' Midmount Aerial Platform Fire Truck for $1,010,796. The annual interest rates applicable to these two leases are 6.459% and 3.196% and mature in July 2020 and June 2029, respectively.

In August 2016, the City entered into an equipment lease with De Lage Landen Public Finance LLC for the purchase of computer equipment costing $119,006. The annual interest rate applicable to this lease is 3.60% and matures in December 2020.

NOTE 7. LONG-TERM DEBT (Continued)

In November 2016, the City entered into an equipment lease with De Lage Landen Public Finance LLC for the purchase of server, workstations and cameras costing $142,390. The annual interest rate applicable to this lease is 3.60% and matures in May 2021.

In April 2017, the City entered into an equipment lease with De Lage Landen Public Finance LLC for the purchase of computer capacity rights costing $57,692. The annual interest rate applicable to this lease is 3.60% and matures in May 2021.

In October 2017, the City entered into an equipment lease with De Lage Landen Public Finance LLC for the purchase of computer equipment costing $255,010. The annual interest rate applicable to this lease is 3.448% and matures in November 2021.

In April 2018, the City entered into an equipment lease purchase agreement with Regions Bank for the purchase of police vehicles costing $92,754. The annual interest rate applicable to this lease is 4.00% and matures in April 2021.

The City's total financed purchases debt service requirements to maturity are as follows:

	Governmental Activities
Fiscal Year Ending June 30,	
2020	$ 444,229
2021	366,915
2022	232,722
2023	178,042
2024	236,073
2025-2029	576,704
Total minimum lease payments	2,034,685
Less amount representing interest	284,067
Present value of future minimum lease payments	$ 1,750,618

Bonds Payable – Direct Placement. In June 2004, the Development Authority issued Tax Exempt Revenues Bond Series 2004A in the amount of $4,855,000 to be used for paying off capital lease payable to Georgia Municipal Association and for developing and maintaining a streetscape project, and constructing improvements to the City's existing water and sewer system. The bond rate is 4.80% with a maturity date of August 1, 2024. The bond principal payments are due on August 1 of each year and interest is payable semi-annually on February 1 and August 1 each year.

NOTE 7. LONG-TERM DEBT (Continued)

In June 2004, the Development Authority issued Tax Exempt Revenues Bond Series 2004B in the amount of $4,435,000 to be used for paying off the Authority's debt to the City and for completion of the 2004B projects. The bond rate is based on the Wall Street Journal LIBOR Daily Floating Rate plus 2.50% with a maturity date of August 1, 2024. The bond principal payments are due on August 1 of each year and interest is payable semi-annually on February 1 and August 1 each year.

In January 2007, the Development Authority issued Tax Exempt Revenue Bonds, Series 2007, in the amount of $2,180,000 to be used to finance all or a portion of the costs of certain public infrastructure projects of the City. The interest rate of the semi-annual February and August payment is 4% through February 1, 2015, 4.25% from August 1, 2015 through February 1, 2023, and 4.275% from August 1, 2023 through February 1, 2027.

In January 2014, the Development Authority issued Tax Exempt Revenue Bonds, Series 2014A-1, in the amount of $5,765,000 and Taxable Revenue Bonds, Series 2014A-2, in the amount of $620,000. The Series 2014 Bonds are being issued for the provision of certain improvements to its City Hall complex, welcome center and various water and sewerage infrastructure system along with costs of issuance. The interest rate on the Series 2014A-1 is 3.83% per annum and the interest rate on the Series 2014A-2 is 2.7% per annum. The series 2014A-1 bonds mature on July 1, 2028 and the Series 2014A-2 was paid off as of June 30, 2017.

Debt service requirements to maturity on these bonds payable are as follows:

	Principal	Interest	Total
Series 2004-A			
Fiscal Year Ending June 30,			
2020	$ 595,000	$ 92,280	$ 687,280
2021	620,000	63,120	683,120
2022	650,000	32,640	682,640
2023	110,000	14,400	124,400
2024	120,000	8,880	128,880
2025	125,000	3,000	128,000
Total	$ 2,220,000	$ 214,320	$ 2,434,320

	Principal	Interest	Total
Series 2004B			
Fiscal Year Ending June 30,			
2020	$ 290,000	$ 69,415	$ 359,415
2021	305,000	58,420	363,420
2022	320,000	46,507	366,507
2023	340,000	34,114	374,114
2024	360,000	20,970	380,970
2025	380,000	7,114	387,114
Total	$ 1,995,000	$ 236,540	$ 2,231,540

NOTE 7. LONG-TERM DEBT (Continued)

Series 2007	Principal	Interest	Total
Fiscal Year Ending June 30,			
2020	$ 125,000	$ 50,944	$ 175,944
2021	135,000	45,631	180,631
2022	140,000	39,894	179,894
2023	145,000	33,944	178,944
2024	150,000	27,781	177,781
2025-2027	485,000	43,094	528,094
Total	$ 1,180,000	$ 241,288	$ 1,421,288

Series 2014 A-1	Principal	Interest	Total
Fiscal Year Ending June 30,			
2020	$ 410,000	$ 179,244	$ 589,244
2021	425,000	163,254	588,254
2022	440,000	146,689	586,689
2023	460,000	129,454	589,454
2024	475,000	111,549	586,549
2025-2029	2,675,000	263,791	2,938,791
Total	$ 4,885,000	$ 993,981	$ 5,878,981

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NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Capital Project	General Fund	$ 31,694
Capital Project	Nonmajor Governmental Funds	81,272
General Fund	Hotel Motel Fund	697,687
Nonmajor Governmental Funds	Nonmajor Governmental Funds	3,532
Water and Sewer Fund	Nonmajor Governmental Funds	25,478
Water and Sewer Fund	Capital Project	1,111,127
		$ 1,950,790

Advanced to/from other funds:

Receivable Fund	Payable Fund	Amount
Water and Sewer Fund	Development Authority Fund	$ 279,942
		$ 279,942

All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) repayments between funds are made. Advances will be repaid by the Development Authority through future sale of real estate properties held for redevelopment.

Interfund transfers:

Transfers In	Transfers Out	Amount
Development Authority	General Fund	$ 495,958
Nonmajor Governmental Funds	General Fund	160,445
General Fund	Hotel Motel Fund	3,636,829
General Fund	Development Authority	800
Development Authority	Water & Sewer Fund	947,123
General Fund	Nonmajor Governmental Funds	106,321
Capital Project Fund	Water & Sewer Fund	10,438
		$ 5,357,914

Transfers are used to (1) move unrestricted revenues collected in various funds to finance various programs of the City accounted for in the General Fund in accordance with budgetary authorizations, (2) move cash to cover operations to the nonmajor governmental funds, (3) move Hotel/Motel taxes between funds for expending in accordance with State law, and (4) to provide funding to the Capital Improvement Fund for construction and other capital asset acquisition and project costs paid.

NOTE 9. PENSION PLANS

Plan Administration

City of Hapeville Retirement Plan (the "Plan"), a single-employer defined benefit pension plan, provides retirement, disability benefits, and death benefits to plan members and beneficiaries. The Plan is administered by a Board of Trustees; consisting of a City council member, City manager, City finance director, and two City employees, who executed a trust agreement with MassMutual Financial Group to hold, manage, invest, and distribute contributions in accordance with the provisions of the Plan. All full time City employees and City Officials are eligible to participate in the plan. Benefits vest after ten years of service. Members may retire on reaching the age of 60 or 65, (55 for police or firefighters). Early retirement is possible on reaching the age 50 or 55, depending on the classification. Benefits are calculated at 1.00% to 2.50% of the average monthly earnings for the period of the five highest years prior to retirement, payable monthly for life. The City Council of Hapeville has the authority to establish or amend all Plan provisions. The Plan does not issue a separate financial statement.

Plan Contribution

The contribution requirements of the City are established and may be amended by City Council. The City is required to contribute at an actuarially determined rate. The City Council provides for the benefits and funding through a City ordinance and maintains the authority to change the policy. The City's plan is noncontributory, and the City's policy is to contribute 100% of an actuarially determined rate. City contributions to the Plan were $910,715 for the fiscal year ended June 30, 2019.

Plan Membership

As of January 1, 2019, the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	98
Terminated vested participants not yet receiving benefits	24
Active participants	102
	224

Net Pension Liability of the City

The City's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NOTE 9. PENSION PLANS (Continued)

Net Pension Liability of the City (Continued)

Actuarial assumptions. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	2.5% for inflation plus merit increases of 2.9 to 4.9%
Investment rate of return	7.5%, including inflation, net of investment expense

Mortality rates were based on the Pub-2010 Public Retirement Plan Mortality Tables. This was a change from the 1983 GAM Table used in the prior year and increased the total pension liability by approximately 15%. The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study complete in May 2005 taking into account 10 years of data experience.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are: Domestic fixed income equities securities – 2.4%, Domestic/International equities – 6.9%, and real estate – 4.8%. Current allocation is 30% fixed income, 60% equities and 10% real estate.

***Discount rate*.** The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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NOTE 9. PENSION PLANS (Continued)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2019 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/18	$ 29,901,031	$ 23,234,539	$ 6,666,492
Changes for the year:			
Service cost	102,027	-	102,027
Interest	2,162,781	-	2,162,781
Change of assumptions	4,475,000	-	4,475,000
Contributions—employer	-	910,715	(910,715)
Net investment income	-	1,295,740	(1,295,740)
Benefit payments	(2,331,960)	(2,331,960)	-
Net changes	4,407,848	(125,505)	4,533,353
Balances at 6/30/19	$ 34,308,879	$ 23,109,034	$ 11,199,845

The plan's fiduciary net position as a percentage of the total pension liability is 67.4%.

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
$ 14,963,636	$ 11,199,845	$ 8,056,995

NOTE 9. PENSION PLANS (Continued)

Net Pension Liability of the City (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2019 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2019, the City recognized pension expense of $1,387,989. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,466,441	$ 621,033
Differences resulting from changes in actuarial assumptions	3,972,191	-
Net difference between projected and actual earnings on pension plan investments	961,758	-
Total	$ 7,400,390	$ 621,033

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2020	$ 1,301,702
2021	1,051,201
2022	761,851
2023	931,280
2024	766,238
Thereafter	1,967,085
	$ 6,779,357

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Administration and Benefits. The City, as authorized by the City Council, administers a single-employer defined benefit Postemployment Healthcare Benefits Plan (the "PHCB Plan"). The PHCB Plan is administered by the City management, under the direction of the City Council. Each fiscal year the City determines the plan benefits and the premium rate for participants (active and retirees). However, dependent coverage which is not available for active employees has a co-pay of 50%. The City also provides retiree life insurance with a face value of $19,500. Medical coverage changes to Medicare supplement at age 65. All full time employees who are also eligible to retire and receive unreduced benefits under the Defined Benefit Pension Plan are eligible participants in the Plans. The City Council established and may amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the PHCB Plan.

Plan Membership. Membership of the PHCB Plan consisted of the following at July 1, 2017, the date of the latest actuarial valuation:

Active participants	78
Retirees and beneficiaries currently receiving benefits	69
Total	147

Contributions. The City Council has elected to fund the PHCB plan on a "pay as you go" basis. Plan members, once retired, contribute to the plan based on number of years of creditable service. Per a City resolution, the City is required to contribute the current year benefit costs of the Plan which are not paid by the retiree. For the fiscal year ended June 30, 2019, the City did not make any contributions for the pay as you go benefits for the PHCB Plan.

Total OPEB Liability of the City

The City's total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2017 with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial assumptions. The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	3.50%
Healthcare Cost Trend Rate:	5.00% Ultimate Trand in 2023
Inflation Rate:	2.50%

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Mortality rates were based on the Pub-2010 Public Retirement Plan Mortality Tables. This was a change from the 1983 GAM Table used in the prior year and increased the total OPEB liability by approximately 15%.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period 2010-2014.

Discount rate. The discount rate used to measure the total OPEB liability was 3.50%. This rate was determined using the Standard & Poor's Municipal Yield, an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 3.50% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2019.

Changes in the Total OPEB Liability of the City. The changes in the components of the total OPEB liability of the City for the fiscal year ended June 30, 2019, were as follows:

	Total OPEB Liability (a)
Balances at 6/30/18	$ 10,520,296
Changes for the year:	
Service cost	124,037
Interest	421,339
Assumption changes	2,369,482
Benefit payments, including refunds of employee contributions	(221,678)
Net changes	2,693,180
Balances at 6/30/19	$ 13,213,476

The required schedule of changes in the City's total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	$ 14,748,313	$ 13,213,476	$ 11,648,666

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4%) or 1-percentage-point higher (6%) than the current discount rate:

	1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	$ 11,532,340	$ 13,213,476	$ 15,308,573

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2019 and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of $833,739. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 16,932
Changes in assumptions	2,078,748	-
Total	$ 2,078,748	$ 16,932

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year ending June 30:	
2020	$ 288,363
2021	288,363
2022	288,363
2023	288,363
2024	288,363
Thereafter	620,001
Total	$ 2,061,816

NOTE 11. DEFINED CONTRIBUTION PENSION PLAN

The City of Hapeville's Internal Revenue Code Section 457 and 401(a) Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by Mass Mutual for all full time employees. Plan provisions and contribution requirements are established and may be amended by the City's Council. All employees who work at least 30 hours per week are eligible to participate in the plan. At June 30, 2019, there were 28 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. Total employee contributions for the fiscal year ended June 30, 2019, was $47,284.

The City also provides an opportunity for the City Manager to participate in a defined contribution money-purchase pension plan, known as City of Hapeville/City Manager Plan, administered by ICMA Retirement Corporation. Participant contributions are not required to be eligible for the employer contribution. There is no vesting period. Loans are not permitted under the Plan. The City has no fiduciary relationship with the plans and plan assets are not available to the City or its general creditors. The Plans assets are held in trust by the administrator for the exclusive benefit of the participants of the Plans. For the fiscal year ended June 30, 2019, the City contributed $12,703 of matching contributions to the plan for the City manager.

NOTE 12. FUND DEFICITS

For the year ended June 30, 2019, the City's Development Authority and Solid Waste Funds had a deficit net position of $8,520,813 and $458,100, respectively. These deficits in the funds' net position will be reduced through General Fund appropriations, as needed, and the sale of real estate properties.

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In response to these risks, the City has purchased commercial insurance for all property and liability coverage. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the last three years.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Contractual Commitments:

For the fiscal year ended June 30, 2019, contractual commitments on uncompleted contracts were $2,623,819.

Grant Contingencies:

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

NOTE 15. HOTEL/MOTEL LODGING AND MOTOR VEHICLE EXCISE TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 7%. Revenues were $3,636,829 for the fiscal year ended June 30, 2019. The City is required to spend an amount equal to 28.58 percent of the total taxes collected for the purpose of promoting tourism, conventions, and trade shows, or for facilities used for these purposes as required by O.C.G.A. 48-13-51(4.5). The City transferred $3,636,829 to the General Fund.

The City imposes a 3% excise tax on all rental motor vehicles within the City. This car rental tax is intended to be used for public safety activities. Revenues were $106,321 for the fiscal year ended June 30, 2019, of which 100% was transferred to the General Fund.

NOTE 16. CONDUIT DEBT

The Development Authority issued Series 2017 Economic Development Bonds to provide financial assistance to a private entity for the acquisition of land and construction of a hotel at the Porsche facility in the City of Hapeville, which is deemed to be of public interest. The Development Authority is not obligated in any manner for repayment of the Bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of bonds issued was $424,097,500. The amount outstanding at June 30, 2019 is unknown.

NOTE 17. SUBSEQUENT EVENT

On November 4, 2019, the City issued Series 2019A bonds in the amount of $2,925,000 and Series 2019B bonds in the amount of $1,780,000. The purpose of the bonds is to refinance 100% of the City's outstanding Series 2004A, Series 2004B and Series 2007 bonds. The Series 2019A bonds carry an interest rate of 2.18% and with semi-annual interest payments and annual principal payments through maturity in fiscal year 2028. The Series 2019B bonds carry an interest rate of 2.66% and with semi-annual interest payments and annual principal payments through maturity in fiscal year 2025.

NOTE 18. CHANGE IN REPORTING ENTITY

The City dissolved the Hapeville Association of Trade and Tourism (HATT), which was previously reported as a blended component and major special revenue fund. As a result of the dissolution, the HATT is no longer reported as a blended component unit and is reported as part of the City's General Fund.

The effect of the change in reporting is summarized below:

Beginning fund balance, general fund, as previously reported	$	1,389,038
Add beginning fund balance of the HATT		1,932,000
Beginning fund balance, general fund, as restated	$	3,321,038

Beginning fund balance, HATT, as previously reported	$	1,932,000
Remove beginning fund balance of the HATT		(1,932,000)
Beginning fund balance, HATT, as restated	$	-

NOTE 19. PRIOR PERIOD ADJUSTMENT

The City identified a prior period adjustment to its Stormwater Fund for revenues which were previously overstated due to the newly created fund and the estimated revenues attached to the property tax billing being calculated incorrectly.

The effect of the prior period adjustment is summarized below:

Beginning net position, stormwater fund, as previously reported	$	1,254,956
Remove overstated revenue		(80,809)
Beginning net position, stormwater fund, as restated	$	1,174,147

Beginning net position, business-type activities, as previously reported	$	5,770,798
Remove overstated revenue		(80,809)
Beginning net position, business-type activities, as restated	$	5,689,989

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAPEVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 910,715	$ 664,738	$ 698,388	$ 526,090	$ 557,148	$ 1,158,240
Contributions in relation to the actuarially determined contribution	910,715	664,738	698,388	526,090	557,148	1,158,240
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 5,050,634	$ 5,429,796	$ 4,279,786	$ 4,541,206	$ 5,249,658	$ 4,912,290
Contributions as a percentage of covered-employee payroll	18.03%	12.24%	16.32%	11.58%	10.61%	23.58%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	January 1, 2019
Cost Method	Entry age
Actuarial Asset Valuation Method	Market value
Assumed Rate of Return on Investments	7.50% net of investment expenses
Projected Salary Increases	2.50% inflation, plus merit of 2.9-4.9%.
Future Inflation	2.50%
Discount Rate	7.50%
Cost-of-living Adjustment	N/A
Amortization Method	Level dollar for unfunded liability
Remaining Amortization Period	Varies by Source of Amortization
Retirement age	20% from age 55 to age 60 if retirement eligible. 100% at age 60 if retirement eligible.
Mortality	PubG-2010 Mortality Table, projected by the MP-2019 Mortality Improvement Scale.

This schedule will present 10 years of information once it is accumulated.

CITY OF HAPEVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	$ 102,027	$ 94,909	$ 96,591	$ 111,626	$ 117,867	$ 121,891
Interest on total pension liability	2,162,781	2,038,463	2,108,653	2,030,740	2,032,600	2,034,184
Differences between expected and actual experience	-	1,886,300	(808,685)	1,166,057	46,763	45,428
Change of assumptions	4,475,000					
Benefit payments, including refunds of employee contributions	(2,331,960)	(2,363,741)	(2,299,009)	(2,211,614)	(2,219,779)	(2,217,473)
Net change in total pension liability	4,407,848	1,655,931	(902,450)	1,096,809	(22,549)	(15,970)
Total pension liability - beginning	29,901,031	28,245,100	29,147,550	28,050,741	28,073,290	28,089,260
Total pension liability - ending (a)	$ 34,308,879	$ 29,901,031	$ 28,245,100	$ 29,147,550	$ 28,050,741	$ 28,073,290
Plan fiduciary net position						
Contributions - employer	$ 910,715	$ 664,738	$ 698,388	$ 526,090	$ 557,148	$ 1,158,240
Net investment income	1,295,740	1,360,784	2,564,916	361,896	563,309	3,892,858
Benefit payments, including refunds of member contributions	(2,331,960)	(2,363,741)	(2,299,009)	(2,211,614)	(2,219,778)	(2,217,473)
Administrative expenses	-	-	-	-	-	(69,202)
Net change in plan fiduciary net position	(125,505)	(338,219)	964,295	(1,323,628)	(1,099,321)	2,764,423
Plan fiduciary net position - beginning	23,234,539	23,572,758	22,608,463	23,932,091	25,031,412	22,266,989
Plan fiduciary net position - ending (b)	$ 23,109,034	$ 23,234,539	$ 23,572,758	$ 22,608,463	$ 23,932,091	$ 25,031,412
City's net pension liability - ending (a) - (b)	$ 11,199,845	$ 6,666,492	$ 4,672,342	$ 6,539,087	$ 4,118,650	$ 3,041,878
Plan fiduciary net position as a percentage of the total pension liability	67.4%	77.7%	83.5%	77.6%	85.3%	89.2%
Covered payroll	$ 5,050,634	$ 5,429,796	$ 4,279,786	$ 4,541,206	$ 5,249,658	$ 4,912,290
City's net pension liability as a percentage of covered-employee payroll	221.8%	122.8%	109.2%	144.0%	78.5%	61.9%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF HAPEVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF PENSION INVESTMENT RETURNS

	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	5.8%	6.1%	11.9%	1.6%	2.3%	18.1%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF HAPEVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
OPEB RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS

	2019	2018
Total OPEB liability		
Service cost	$ 124,037	$ 119,266
Interest on total OPEB liability	421,339	413,178
Changes of assumptions and other inputs	2,369,482	(19,303)
Benefit payments	(221,678)	(402,091)
Net change in total OPEB liability	2,693,180	111,050
Total OPEB liability - beginning	10,520,296	10,409,246
Total OPEB liability - ending	$13,213,476	$10,520,296
Covered-employee payroll	$ 5,050,634	$ 5,249,658
Total OPEB liability as a percentage of covered-employee payroll	261.6%	200.4%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

The City is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

CITY OF HAPEVILLE, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

The City reports the following non major special revenue funds:

Asset Forfeiture Fund – This fund is used to account for the City's share of monies that have been forfeited through the court system and are restricted for law enforcement purposes.

Emergency 911 Fund – This fund is used to account for receipt of "911" emergency telephone system charges collected by communication firms. Funds are restricted by state laws.

Vehicle Excise Tax Fund – This fund is used to account for the collection and expenditures of an excise tax levied on motor vehicles in the City. The proceeds of this tax are restricted by state law.

Tax Allocation District Fund – This fund is used to account for the collection of tax increments within the City's tax allocation district. The tax is restricted for redevelopment within the district.

Other Special Revenue Fund – This fund is used to account for specific revenues such as various grants and contributions, which are legally restricted or committed to expenditures for particular purposes.

The City reports the following non major capital project fund:

T – SPLOST Fund – This fund is used to account for revenues collected from the Transportation Special Purpose Local Options Sales Tax levied by the City. The funds are restricted for transportation projects within the City.

CITY OF HAPEVILLE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds					Capital Project Fund	
ASSETS	**Asset Forfeiture Fund**	**E-911 Fund**	**Vehicle Excise Tax Fund**	**Tax Allocation District Fund**	**Other Special Revenue Fund**	**T - SPLOST Fund**	**Total Nonmajor Governmental Funds**
Cash and cash equivalents	$ 2,134	$ -	$ -	$ 35,051	$ 14,783	$ 811,469	$ 863,437
Taxes receivable	-	-	2,890	-	-	-	2,890
Intergovernmental receivables	-	-	-	-	-	98,263	98,263
Accounts receivable	-	26,120	-	-	-	-	26,120
Due from other funds	-	-	-	-	3,532	-	3,532
Total assets	$ 2,134	$ 26,120	$ 2,890	$ 35,051	$ 18,315	$ 909,732	$ 994,242
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ -	$ -	$ -	$ 4,382	$ 6,875	$ 11,257
Due to other funds	-	26,120	2,890	-	-	81,272	110,282
Total liabilities	-	26,120	2,890	-	4,382	88,147	121,539
FUND BALANCES							
Restricted:							
Law enforcement	2,134	-	-	-	-	-	2,134
Culture and recreation	-	-	-	-	13,933	-	13,933
Transportation projects	-	-	-	-	-	821,585	821,585
Capital construction	-	-	-	35,051	-	-	35,051
Total fund balances	2,134	-	-	35,051	13,933	821,585	872,703
Total liabilities, deferred inflows of resources, and fund balances	$ 2,134	$ 26,120	$ 2,890	$ 35,051	$ 18,315	$ 909,732	$ 994,242

CITY OF HAPEVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Special Revenue Funds					Capital Project Fund	
	Asset Forfeiture Fund	E-911 Fund	Vehicle Excise Tax Fund	Tax Allocation District Fund	Other Special Revenue Fund	T - SPLOST Fund	Total Nonmajor Governmental Funds
REVENUES							
Taxes	$ -	$ -	$ 106,321	$ 35,051	$ -	$ -	$ 141,372
Charges for services	-	160,445	-	-	-	-	160,445
Intergovernmental	-	-	-	-	5,155	1,175,392	1,180,547
Total revenues	-	160,445	106,321	35,051	5,155	1,175,392	1,482,364
EXPENDITURES							
Current expenditures:							
Public safety	-	286,125	-	-	-	-	286,125
Public works	-			-	6,843	-	6,843
Capital outlay	-	-	-	-	-	1,334,562	1,334,562
Debt service:							
Principal	-	30,440	-	-	-	-	30,440
Interest	-	4,325	-	-	-	-	4,325
Total expenditures	-	320,890	-	-	6,843	1,334,562	1,662,295
Excess (deficiency) of revenues over (under) expenditures	-	(160,445)	106,321	35,051	(1,688)	(159,170)	(179,931)
Other financing sources (uses):							
Transfers in	-	160,445	-	-	-	-	160,445
Transfers out	-	-	(106,321)	-	-	-	(106,321)
Total other financing sources (uses)	-	160,445	(106,321)	-	-	-	54,124
Net change in fund balances	-	-	-	35,051	(1,688)	(159,170)	(125,807)
FUND BALANCES, beginning of fiscal year	2,134	-	-	-	15,621	980,755	998,510
FUND BALANCES, end of fiscal year	$ 2,134	$ -	$ -	$ 35,051	$ 13,933	$ 821,585	$ 872,703

CITY OF HAPEVILLE, GEORGIA
SPECIAL REVENUE FUND
EMERGENCY- 911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 160,445	$ 160,445	$ 160,445	$ -
EXPENDITURES				
Public safety	117,541	117,541	286,125	(168,584)
Debt service:				
Principal retirements	30,440	30,440	30,440	-
Interest and fiscal charges	4,325	4,325	4,325	-
Total expenditures	152,306	152,306	320,890	(168,584)
Excess (deficiency) of revenues over (under) expenditures	8,139	8,139	(160,445)	(168,584)
OTHER FINANCING SOURCES				
Transfers in	-	-	160,445	160,445
Net change in fund balances	8,139	8,139	-	(8,139)
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal year	$ 8,139	$ 8,139	$ -	$ (8,139)

CITY OF HAPEVILLE, GEORGIA
SPECIAL REVENUE FUND

VEHICLE EXCISE TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 106,321	$ 106,321	$ 106,321	$ -
Excess of revenues over expenditures	106,321	106,321	106,321	-
OTHER FINANCING USES				
Transfers out	(106,321)	(106,321)	(106,321)	-
Net change in fund balances	-	-	-	
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal year	$ -	$ -	$ -	$ -

CITY OF HAPEVILLE, GEORGIA
TAX ALLOCATION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 35,051	$ 35,051	$ 35,051	$ -
Total revenue	35,051	35,051	35,051	-
EXPENDITURES				
Development	35,051	35,051	-	35,051
Net change in fund balances	-	-	35,051	35,051
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal year	$ -	$ -	$ 35,051	$ 35,051

CITY OF HAPEVILLE, GEORGIA

OTHER SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 8,500	$ 8,500	$ 5,155	$ (3,345)
Charges for services	80,000	-	-	-
Taxes	25,000	25,000	-	(25,000)
Total revenue	113,500	33,500	5,155	(28,345)
EXPENDITURES				
Culture and recreation	8,500	33,500	6,843	26,657
Net change in fund balances	105,000	-	(1,688)	(1,688)
FUND BALANCES, beginning of fiscal year	15,621	15,621	15,621	-
FUND BALANCES, end of fiscal year	$ 120,621	$ 15,621	$ 13,933	$ (1,688)

CITY OF HAPEVILLE, GEORGIA
CAPITAL PROJECT FUND

CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 6,485,200	$ 6,485,200	$ 4,053,980	$ (2,431,220)
EXPENDITURES				
Capital outlay	8,327,600	$ 8,327,600	4,720,401	3,607,199
Total expenditures	8,327,600	8,327,600	4,720,401	3,607,199
Deficiency of revenues under expenditures	(1,842,400)	(1,842,400)	(666,421)	1,175,979
OTHER FINANCING SOURCES				
Financed purchases	-	-	554,564	(554,564)
Transfers in	1,842,400	1,842,400	10,438	(1,831,962)
Total other financing sources	1,842,400	1,842,400	565,002	(1,831,962)
Net change in fund balances	-	-	(101,419)	(101,419)
FUND BALANCES, beginning of fiscal year	101,419	101,419	101,419	-
FUND BALANCES, end of fiscal year	$ 101,419	$ 101,419	$ -	$ (101,419)

CITY OF HAPEVILLE, GEORGIA
CAPITAL PROJECT FUND
TSPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget			Variance With
	Original	**Final**	**Actual**	**Final Budget**
REVENUES				
Intergovernmental	$ 1,200,000	$ 1,200,000	$ 1,175,392	$ (24,608)
EXPENDITURES				
Capital outlay	1,200,000	1,200,000	1,334,562	(134,562)
Total expenditures	1,200,000	1,200,000	1,334,562	(134,562)
Net change in fund balances	-	-	(159,170)	(159,170)
FUND BALANCES, beginning of fiscal year	980,755	980,755	980,755	-
FUND BALANCES, end of fiscal year	$ 980,755	$ 980,755	$ 821,585	$ (159,170)

CITY OF HAPEVILLE, GEORGIA
Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax

For the Fiscal Year Ended June 30, 2019

Project Description	Original Estimated Costs	Current Estimated Costs	Prior Years	Current Year	Total	Percentage of Completion
Operation and Safety Improvement - Silent Crossing Project	$ 1,600,000	$ 1,800,000	$ -	$ 804,468	$ 804,468	45%
Pedestrian Improvements - Sidewalk, Curb &Gutter, Bike Lane - Dogwood	1,900,000	1,900,000	354,074	60,195	414,269	22%
Maintenance and Safety - (Paving) Loop Road & Rail Facility Project	1,400,000	1,400,000	14,785	443,688	458,473	33%
Traffic & Street Signage and Traffic Signal Improvements	600,000	600,000	-	-	-	0%
Pre-Engineering, Project Administration	834,792	834,792	31,104	26,211	57,315	7%
	$ 6,334,792	$ 6,534,792	$ 399,963	$ 1,334,562	$1,734,525	27%

SINGLE AUDIT SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members
Of the City Council
Hapeville, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hapeville, Georgia (the "City") as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to the Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 30, 2020

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Members
of the City Council
Hapeville, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Hapeville, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended June 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 30, 2020

CITY OF HAPEVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

FEDERAL GRANTOR Pass-through Grantor/Program Title	FEDERAL CFDA NUMBER	GRANT PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. Department of Housing and Urban Development:			
Community Development Block Grant	14.218	B-17UC-13-0003	$ 161,352
Total U.S. Department of Housing and Urban Development			161,352
U.S. Department of Transportation, Federal Transit Administration:			
Pass-Through from the Georgia Department of Transportation			
Highway Planning and Construction	20.205	0007532	1,541,952
Highway Planning and Construction	20.205	0010329	180,047
Highway Planning and Construction	20.205	0015084	4,876
Highway Planning and Construction	20.205	0007949	2,137,195
Total Highway Planning and Construction Cluster			3,864,070
Total U.S. Department of Transportation			3,864,070
U.S. Department of Homeland Security:			
Disaster Grants - Public Assistance	97.036	N/A	89,276
Total U.S. Department of Homeland Security			89,276
Total Expenditures of Federal Awards			$ 4,114,698

See note to the schedule of expenditures of federal awards

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(1) Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related fund liability is incurred.

Federal grant programs which are administered through State agencies (pass-through awards) have been included in this report. These programs are operated according to Federal regulations promulgated by the Federal agency providing the funding.

Indirect Cost Rate

The City has elected not to utilize the 10% de minimis indirect cost rate.

The City did not pass any federal awards to sub-recipients.

CITY OF HAPEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	__X__ yes ____ no
Significant deficiencies identified?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	_____ yes __X__ no

Federal Awards

Internal Control over major federal programs:	
Material weaknesses identified?	_____ yes __X__ no
Significant deficiencies identified?	_____ yes __X__ none reported
Type of auditor's report issued on compliance for Major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2.CFR 200.516(a)?	____ yes __X__ no

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	_____ yes __X__ no

Section II – Financial Statement Findings

Finding 2019-001: Stormwater Revenues and Related Receivables (Prior Period Adjustment)

Criteria: Generally accepted accounting principles ("GAAP") require that revenues be reported, under the full accrual basis of accounting, when earned.

Condition: Internal controls did not detect a misstatement in the reporting of the City's stormwater revenues and related receivables.

Context/Cause: During our testing of stormwater revenues, we noted the prior year fiscal year revenues and related receivables were overstated by $80,809. The overstatement was due to the City previously estimating the unbilled receivable and not subsequently reversing the accrual or properly reconciling the year end amounts. A prior period adjustment was required to restate beginning net position of the Stormwater Fund by $80,809.

Effects: An audit adjustment of $80,809 was required as detailed above.

Recommendation: We recommend the City ensure that all revenues and related receivables are properly reported and reconciled at fiscal year-end.

View of Responsible Officials: The City agrees with the recommendation. The Finance department will ensure all amounts are properly reconciled and recorded.

CITY OF HAPEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section III – Findings and Questioned Costs Relating to Federal Awards

None

CITY OF HAPEVILLE, GEORGIA

STATUS OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Finding 2018-001 –Segregation of Duties

Condition: The size of the City's accounting and administrative staff precluded certain internal controls that would be preferred, if the office staff were large enough, to provide optimum segregation of duties. We noted the City does not have a formal process for segregating the posting and approval of journal entries. We also noted one employee has the ability to process payroll checks and also has the ability to make changes on personnel files and post journal entries.

Auditee's Response/Status: The finding was resolved in 2019.

Finding 2018-002 – Fiscal Year End Financial Close and Reporting Controls

Condition: Due to ineffective controls surrounding the fiscal year-end financial close procedures, certain audit adjustments were necessary at June 30, 2018.

Auditee's Response/Status: The finding was resolved in 2019.

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CITY OF HAPEVILLE, GEORGIA

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Finding 2019-001: Stormwater Revenues and Related Receivables

Name of the Contact Person Responsible for the Corrective Action Plan: Randy Brewer, Finance Director.

Corrective Action Plan: The City will reconcile all year end account balances for proper recording.

Anticipated Completion Date: June 30, 2020.

Introduction to Statistical Section
(Unaudited)

This part of City of Hapeville's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary financial information. This information is unaudited.

Contents	***Exhibits***
Financial Trends These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.	I - XIA
Revenue Capacity These tables contain information that may assist the reader in assessing the viability of the City's most significant "own-source" revenue sources, property taxes.	XII-XXII
Debt Capacity These tables contain information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.	XXII-XXIV
Demographic and Economic Information These tables present demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which the City operates and (2) to provide information that facilitates comparisons of financial statement information over time and among cities.	XXV-XXVI
Operating Information These tables contain service and infrastructure indicators that can inform one's understanding how the information in the City's financial statements relates to the services the City provides and the activities it performs.	XXVII-XXIII

Data Source:
Unless otherwise noted, the information in these tables is derived from the annual financial report for the applicable year.

City of Hapeville, Georgia

Changes in Net Position - Governmental Activities (Unaudited)

Last Ten Fiscal Years [1]

(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities										
General government	$ 1,485,410	$ 1,656,739	$ 1,663,338	$ 1,753,542	$ 2,148,678	$ 2,086,642	$ 2,265,737	$ 3,177,991	$ 2,490,217	$ 2,721,802
Judicial	-	-	-	-	-	-	-	129,440	124,583	154,675
Public safety	6,203,308	6,352,891	6,282,263	6,239,602	5,923,757	5,011,852	4,936,495	5,729,064	5,496,731	6,111,073
Highways and streets	1,393,790	1,221,317	1,283,554	1,263,217	1,101,104	1,025,120	956,954	784,781	953,406	1,363,892
Culture and recreation[2]	501,631	505,923	599,769	603,976	557,634	548,727	551,428	1,832,125	1,715,312	1,809,491
Parks and grounds[2]	735,937	806,653	895,269	1,012,004	1,051,603	934,433	865,972	-	-	-
Planning and zoning[1]	944,020	997,670	851,305	893,210	273,602	284,203	241,023	298,772	184,740	187,009
Trade, tourism and development[1]	927,722	966,864	894,111	1,002,938	594,325	673,741	730,231	905,390	2,045,399	2,410,903
Debt-related expenses	175,689	336,976	332,543	314,830	16,782	11,008	22,095	44,846	48,535	61,350
Total Primary Government Expenses	12,367,507	12,845,033	12,802,152	13,083,319	11,667,485	10,575,726	10,569,935	12,902,409	13,058,923	14,820,195
Program Revenues:										
Governmental Activities										
Charges for services	1,543,971	1,740,491	1,710,470	1,958,670	1,011,165	1,048,241	866,148	1,330,553	1,208,343	1,052,832
Operating grants and contributions	20,100	29,354	81,631	77,234	49,232	40,977	39,138	26,333	5,290	17,656
Capital grants and contributions	590,972	2,236,472	1,651,861	1,411,890	725,947	613,912	780,581	667,438	3,054,072	5,334,753
Total Primary Government Program Revenues	2,155,043	4,006,317	3,443,962	3,447,794	1,786,344	1,703,130	1,685,867	2,024,324	4,267,705	6,405,241
Net (Expense) Revenue	(10,212,464)	(8,838,716)	(9,358,190)	(9,635,525)	(9,881,141)	(8,872,596)	(8,884,068)	(10,878,085)	(8,791,218)	(8,414,954)
General Revenues:										
Governmental activities										
Taxes										
Property	4,785,375	4,521,462	3,924,999	4,185,266	4,066,615	3,795,160	4,604,469	5,452,637	5,242,270	6,177,974
Sales	1,492,207	1,503,326	1,598,359	1,596,392	1,668,856	1,739,336	1,751,341	1,771,491	1,865,494	1,992,229
Occupation	280,330	251,795	260,999	231,405	265,775	289,887	324,329	-	-	-
Franchise	661,534	682,581	762,675	549,260	643,481	673,023	679,502	653,527	665,196	681,134
Insurance premium	350,546	344,731	308,470	327,079	351,426	354,276	391,735	407,163	433,106	466,835
Hotel/motel	1,613,809	1,622,430	1,545,360	1,732,001	1,951,860	2,275,691	2,462,623	2,771,189	3,108,228	3,636,829
Other	572,989	421,820	649,075	592,961	544,169	558,608	546,226	545,769	631,991	751,228
Other local revenue	313,017	24,505	41,212	26,018	27,884	27,320	39,844	243,593	194,039	54,761
Unrestricted investment earnings	5,354	1,084	1,872	979	121	191	218	448	781	53
Transfers	-	141,143	290,322	258,899	(304,924)	265,139	(361,340)	(452,339)	(439,256)	(484,720)
Total Primary Government General Revenues	10,075,161	9,514,877	9,383,343	9,500,260	9,215,263	9,978,631	10,438,947	11,393,478	11,701,849	13,276,323
Total Primary Government Change in Net Position	$ (137,303)	$ 676,161	$ 25,153	$ (135,265)	$ (665,878)	$ 1,106,035	$ 1,554,879	$ 515,393	$ 2,910,631	$ 4,861,369

Data Source:

Applicable years' annual financial report.

Notes:

[1] In fiscal year 2014, the development costs were classified from planning and zoning to trade, tourism and development.

[2] In fiscal year 2017, the costs for these two functions were merged.

City of Hapeville, Georgia

Changes in Net Position - Governmental Activities - Percentage of Total (Unaudited)

Last Ten Fiscal Years

(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities										
General government	12.0%	12.9%	13.0%	13.4%	18.4%	19.7%	21.4%	24.6%	19.1%	18.4%
Judicial	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	1.0%
Public safety	50.2%	49.5%	49.1%	47.7%	50.8%	47.4%	46.7%	44.4%	42.1%	41.2%
Highways and streets	11.3%	9.5%	10.0%	9.7%	9.4%	9.7%	9.1%	6.1%	7.3%	9.2%
Culture and recreation [2]	4.1%	3.9%	4.7%	4.6%	4.8%	5.2%	5.2%	14.2%	13.1%	12.2%
Parks and grounds [2]	6.0%	6.3%	7.0%	7.7%	9.0%	8.8%	8.2%	0.0%	0.0%	0.0%
Planning and zoning[1]	7.6%	7.8%	6.6%	6.8%	2.3%	2.7%	2.3%	2.3%	1.4%	1.3%
Trade, tourism and development[1]	7.5%	7.5%	7.0%	7.7%	5.1%	6.4%	6.9%	7.0%	15.7%	16.3%
Debt-related expenses	1.4%	2.6%	2.6%	2.4%	0.2%	0.1%	0.1%	0.4%	0.4%	0.4%
Total Primary Government Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Program Revenues:										
Governmental Activities										
Charges for services	71.6%	43.4%	49.7%	56.8%	56.6%	61.5%	51.4%	65.7%	28.3%	16.4%
Operating grants and contributions	0.9%	0.7%	2.4%	2.2%	2.8%	2.4%	2.3%	1.3%	0.1%	0.3%
Capital grants and contributions	27.4%	55.8%	48.0%	41.0%	40.6%	36.0%	46.3%	33.0%	71.6%	83.3%
Total Primary Government Program Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Revenues:										
Governmental activities										
Taxes										
Property	47.5%	47.5%	41.8%	44.1%	44.1%	38.0%	44.1%	47.9%	44.8%	46.5%
Sales	14.8%	15.8%	17.0%	16.8%	18.1%	17.4%	16.8%	15.5%	15.9%	15.0%
Occupation	2.8%	2.6%	2.8%	2.4%	2.9%	2.9%	3.1%	0.0%	0.0%	0.0%
Franchise	6.6%	7.2%	8.1%	5.8%	7.0%	6.7%	6.5%	5.7%	5.7%	5.1%
Insurance premium	3.5%	3.6%	3.3%	3.4%	3.8%	3.6%	3.8%	3.6%	3.7%	3.5%
Hotel/motel	16.0%	17.1%	16.5%	18.2%	21.2%	22.8%	23.6%	24.3%	26.6%	27.4%
Other	5.7%	4.4%	6.9%	6.2%	5.9%	5.6%	5.2%	4.8%	5.4%	5.7%
Other local revenue	3.1%	0.3%	0.4%	0.3%	0.3%	0.3%	0.4%	2.1%	1.7%	0.4%
Unrestricted investment earnings	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transfers	0.0%	1.5%	3.1%	2.7%	-3.3%	2.7%	-3.5%	-4.0%	-3.8%	-3.7%
Total Primary Government General Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

[1] In fiscal year 2014, the development costs were classified from planning and zoning to trade, tourism and development.

[2] In fiscal year 2017, the costs for these two functions were merged.

Data Source:

Applicable years' annual financial report.

City of Hapeville, Georgia

Changes in Net Position - Business-type Activities (Unaudited)

Last Ten Fiscal Years

(accrual basis of accounting)

Source	2010	2011	2012	2013	2014	2015	2016	2017	2018 (restated)	2019
Expenses:										
Water and sewer	$ 2,915,006	$ 3,335,691	$ 3,025,737	$ 2,898,013	$ 2,898,611	$ 2,915,863	$ 3,341,251	$ 3,282,497	$ 3,140,345	$ 4,021,474
Stormwater	506,144	538,295	557,955	563,392	544,970	465,351	488,436	131,665	70,284	468,413
Solid waste management[2]	-	-	-	-	-	-	-	616,717	492,131	504,518
Development authority [1]	-	-	-	-	658,283	616,700	577,621	1,338,589	512,467	532,926
Total Expense[s]	3,421,150	3,873,986	3,583,692	3,461,405	4,101,864	3,997,914	4,407,308	5,369,468	4,215,227	5,527,331
Program Revenues:										
Charges for services	3,242,115	3,604,871	4,258,491	4,311,342	4,700,291	4,824,266	5,162,897	5,907,246	5,527,472	5,744,255
Operating grants	-	-	-	-	-	17,484	-	-	-	-
Total Program Revenues	3,242,115	3,604,871	4,258,491	4,311,342	4,700,291	4,841,750	5,162,897	5,907,246	5,527,472	5,744,255
Net (Expense) Revenue	(179,035)	(269,115)	674,799	849,937	598,427	843,836	755,589	537,778	1,312,245	216,924
General Revenues:										
Unrestricted investment income	-	-	-	-	-	-	7,633	-	-	-
Other	147,757	-	-	-	-	-	(297,348)	-	-	-
Transfers	-	(141,143)	(290,322)	(258,899)	304,924	(265,139)	361,340	452,339	439,256	484,720
Total General Revenues	147,757	(141,143)	(290,322)	(258,899)	304,924	(265,139)	71,625	452,339	439,256	484,720
Change in Net Position	$ (31,278)	$ (410,258)	$ 384,477	$ 591,038	$ 903,351	$ 578,697	$ 827,214	$ 990,117	$ 1,751,501	$ 701,644

Data Source:

Applicable years' annual financial report.

Notes:

[1] Beginning in fiscal year 2014, the Development Authority was reclassified from a discretely presented component unit to a blended component unit.

[2] Beginning in fiscal year 2017, the City created a new solid waste management fund.

[3] The 2018 Column was restated to correct prior year revenues for the Stormwater Fund.. See footnote 19 further discussions.

Exhibit IV

City of Hapeville, Georgia

Changes in Net Position - Total (Unaudited)

Last Ten Fiscal Years

(accrual basis of accounting)

Source	2010	2011	2012	2013	2014	2015	2016	2017	2018 (restated)	2019
Expenses:										
Governmental activities[1]	$ 12,367,507	$ 12,845,033	$ 12,802,152	$ 13,083,319	$ 11,667,485	$ 10,575,726	$ 10,569,935	$ 12,902,409	$ 13,058,923	$ 14,820,195
Business-type activities[2]	3,421,150	3,873,986	3,583,692	3,461,405	4,101,864	3,997,914	4,407,308	5,369,468	4,215,227	5,527,331
Total Expenses	15,788,657	16,719,019	16,385,844	16,544,724	15,769,349	14,573,640	14,977,243	18,271,877	17,274,150	20,347,526
Program Revenues:										
Governmental activities[1]	2,155,043	4,006,317	3,443,962	3,447,794	1,786,344	1,703,130	1,685,867	2,024,324	4,267,705	6,405,241
Business-type activities[2]	3,242,115	3,604,871	4,258,491	4,311,342	4,700,291	4,841,750	5,162,897	5,907,246	5,527,472	5,744,255
Total Program Revenues	5,397,158	7,611,188	7,702,453	7,759,136	6,486,635	6,544,880	6,848,764	7,931,570	9,795,177	12,149,496
Net (Expense) Revenue	(10,391,499)	(9,107,831)	(8,683,391)	(8,785,588)	(9,282,714)	(8,028,760)	(8,128,479)	(10,340,307)	(7,478,973)	(8,198,030)
General Revenues:										
Governmental activities[1]	10,075,161	9,514,877	9,383,343	9,500,260	9,215,263	9,978,631	10,438,947	11,393,478	11,701,849	13,276,323
Business-type activities[2]	147,757	(141,143)	(290,322)	(258,899)	304,924	(265,139)	71,625	452,339	439,256	484,720
Total General Revenues	10,222,918	9,373,734	9,093,021	9,241,361	9,520,187	9,713,492	10,510,572	11,845,817	12,141,105	13,761,043
Change in Net Position	$ (168,581)	$ 265,903	$ 409,630	$ 455,773	$ 237,473	$ 1,684,732	$ 2,382,093	$ 1,505,510	$ 4,662,132	$ 5,563,013

Notes:

[1] See Exhibit I

[2] See Exhibit III

City of Hapeville, Georgia

Government-wide Net Position by Category (Unaudited) [2]

Last Ten Fiscal Years [1]

(accrual basis of accounting)

	2010	2011	2012	2013	2014 [2]	2015 [3]	2016 [3]	2017	Restated 2018 [4]	2019
Governmental Activities										
Net investment in capital assets	$ 5,316,912	$ 6,735,028	$ 7,959,122	$ 9,016,141	$ 14,818,698	$ 14,921,279	$ 15,380,764	$ 14,979,549	$ 16,800,830	$ 23,391,066
Restricted	-	47,232	17,664	17,710	263,636	567,630	994,663	2,235,010	3,078,512	1,520,642
Unrestricted (deficit)	2,765,640	2,111,016	941,643	(107,688)	(1,072,361)	(5,309,749)	(4,613,716)	(11,993,586)	(11,747,738)	(11,918,735)
Subtotal Governmental Activities Net Position	8,082,552	8,893,276	8,918,429	8,926,163	14,009,973	10,179,160	11,761,711	5,220,973	8,131,604	12,992,973
Business-type Activities										
Net investment in capital assets	7,829,260	8,106,862	8,309,831	8,066,581	5,095,322	13,480,537	13,552,649	13,831,713	13,533,322	13,095,381
Restricted	271,948	668,862	682,055	695,907	1,259,777	901,288	1,064,752	1,430,587	908,311	812,819
Unrestricted (deficit)	906,222	(202,206)	(33,891)	458,263	(3,278,274)	(11,274,713)	(10,710,747)	(11,323,812)	(8,751,644)	(7,516,567)
Subtotal Business-type Activities Net Position	9,007,430	8,573,518	8,957,995	9,220,751	3,076,825	3,107,112	3,906,654	3,938,488	5,689,989	6,391,633
Primary Government										
Net investment in capital assets	13,146,172	14,841,890	16,268,953	17,082,722	19,914,020	28,401,816	28,933,413	28,811,262	30,334,152	36,486,447
Restricted	649,998	716,094	699,719	713,617	1,523,413	1,468,918	2,059,415	3,665,597	3,986,823	2,333,461
Unrestricted (deficit)	3,693,812	1,908,810	907,752	350,575	(4,350,635)	(16,584,462)	(15,324,463)	(23,317,398)	(20,499,382)	(19,435,302)
Total Primary Government Net Position	$ 17,489,982	$ 17,466,794	$ 17,876,424	$ 18,146,914	$ 17,086,798	$ 13,286,272	$ 15,668,365	$ 9,159,461	$ 13,821,593	$ 19,384,606

Notes:

[1] Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only when (1) an external party, such as the State of Georgia or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City. There are no restrictions currently reported as a result of enabling legislation.

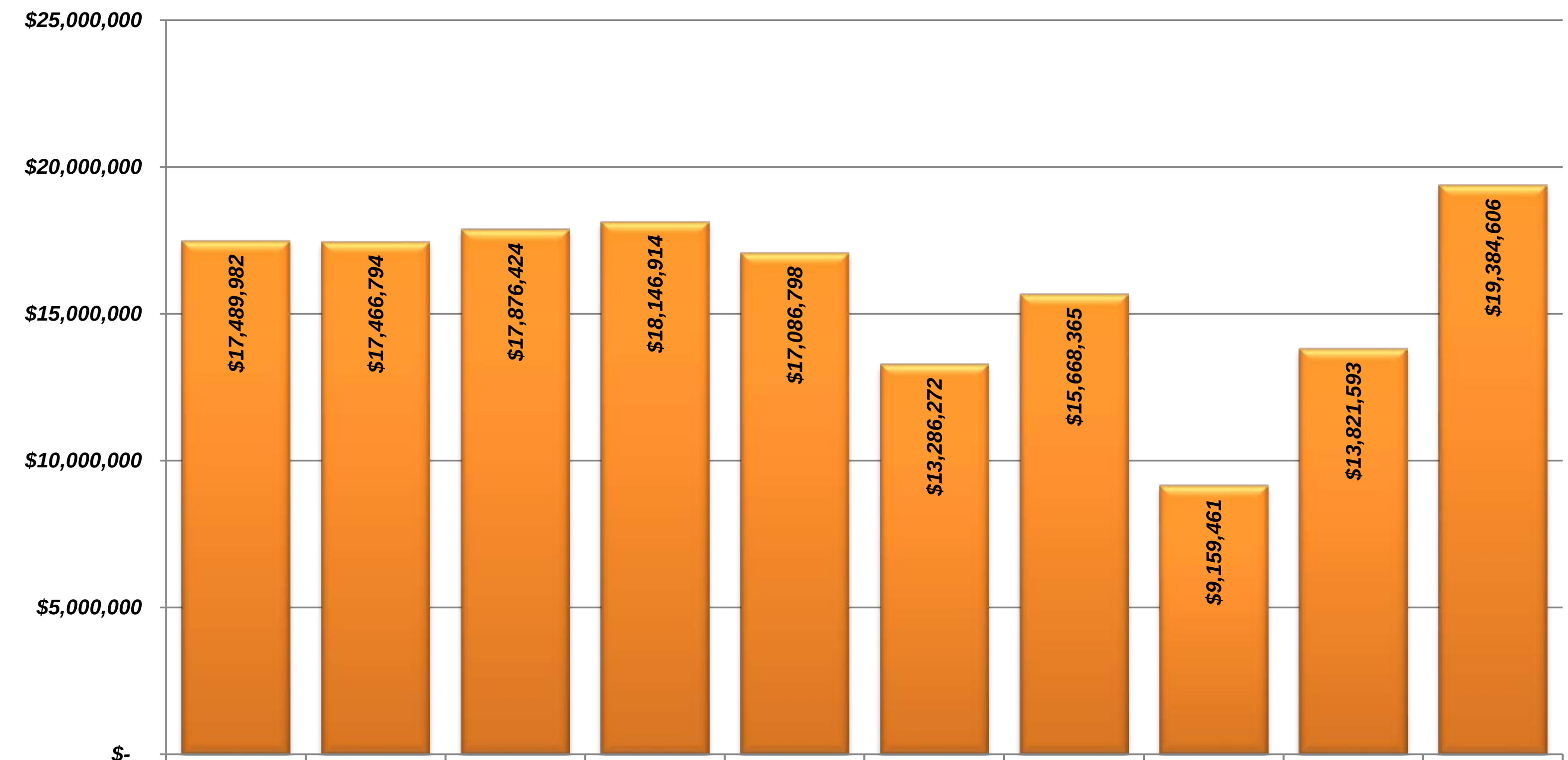
[2] Beginning in fiscal year 2014, the Development Authority was reclassified from a discretely presented component unit to a blended component unit.

[3] In fiscal year 2015, the City implemented a new pension standard which required the reporting the net pension obligation to be reported on the statement of net position.

4 In fiscal year 2018, the City implemented a new OPEB standard which required the reporting the total OPEB liability to be reported on the statement of net position, resulting in an increase in the net negative unrestricted amount.

Exhibit V-A

City of Hapeville, Georgia
Total Government-wide Net Position (Unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)



Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	$17,489,982	$17,466,794	$17,876,424	$18,146,914	$17,086,798	$13,286,272	$15,668,365	$9,159,461	$13,821,593	$19,384,606

City of Hapeville, Georgia

General Governmental Revenues by Source (Unaudited) [1]

Last Ten Fiscal Years

(modified accrual basis of accounting)

Revenue Source	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Taxes	$ 9,919,404	$ 9,283,461	$ 9,121,022	$ 9,243,503	$ 9,625,523	$ 9,642,439	$ 10,805,840	$ 11,452,396	$ 11,924,128	$ 13,918,539
Licenses and permits	184,368	217,233	202,589	235,481	162,052	210,250	293,601	715,397	519,926	341,141
Charges for services	1,027,030	1,006,773	1,054,535	1,224,244	341,630	353,917	344,438	434,378	479,351	566,222
Fines and forfeitures	336,133	529,436	445,239	494,250	515,742	480,305	203,109	180,778	209,066	145,469
Intergovernmental	28,707	1,226,856	1,244,920	1,205,269	736,294	640,843	791,677	681,579	3,054,072	5,334,753
Contributions	20,100	22,288	20,140	20,945	21,244	8,360	28,042	12,192	5,290	17,656
Investment earnings	804	861	1,726	979	121	191	218	448	781	53
Other local revenue	880,922	1,045,675	517,751	293,497	37,182	36,773	39,844	243,593	194,039	54,761
Total revenues	$ 12,397,468	$ 13,332,583	$ 12,607,922	$ 12,718,168	$ 11,439,788	$ 11,373,078	$ 12,506,769	$ 13,720,761	$ 16,386,653	$ 20,378,594
% change from prior year	13.6%	7.5%	-5.4%	0.9%	-10.1%	-0.6%	10.0%	9.7%	19.4%	24.4%

Taxes	80.0%	69.6%	72.3%	72.7%	84.1%	84.8%	86.4%	83.5%	72.8%	68.3%
Licenses and permits	1.5%	1.6%	1.6%	1.9%	1.4%	1.8%	2.3%	5.2%	3.2%	1.7%
Charges for services	8.3%	7.6%	8.4%	9.6%	3.0%	3.1%	2.8%	3.2%	2.9%	2.8%
Fines and forfeitures	2.7%	4.0%	3.5%	3.9%	4.5%	4.2%	1.6%	1.3%	1.3%	0.7%
Grant revenue	0.2%	9.2%	9.9%	9.5%	6.4%	5.6%	6.3%	5.0%	18.6%	26.2%
Contributions	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.2%	0.1%	0.0%	0.1%
Investment earnings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other local revenue	7.1%	7.8%	4.1%	2.3%	0.3%	0.4%	0.4%	1.8%	1.2%	0.3%
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

[1] Includes all governmental fund types.

Data Source:

Applicable years' annual financial report.

City of Hapeville, Georgia

Chart-General Governmental Revenues (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)

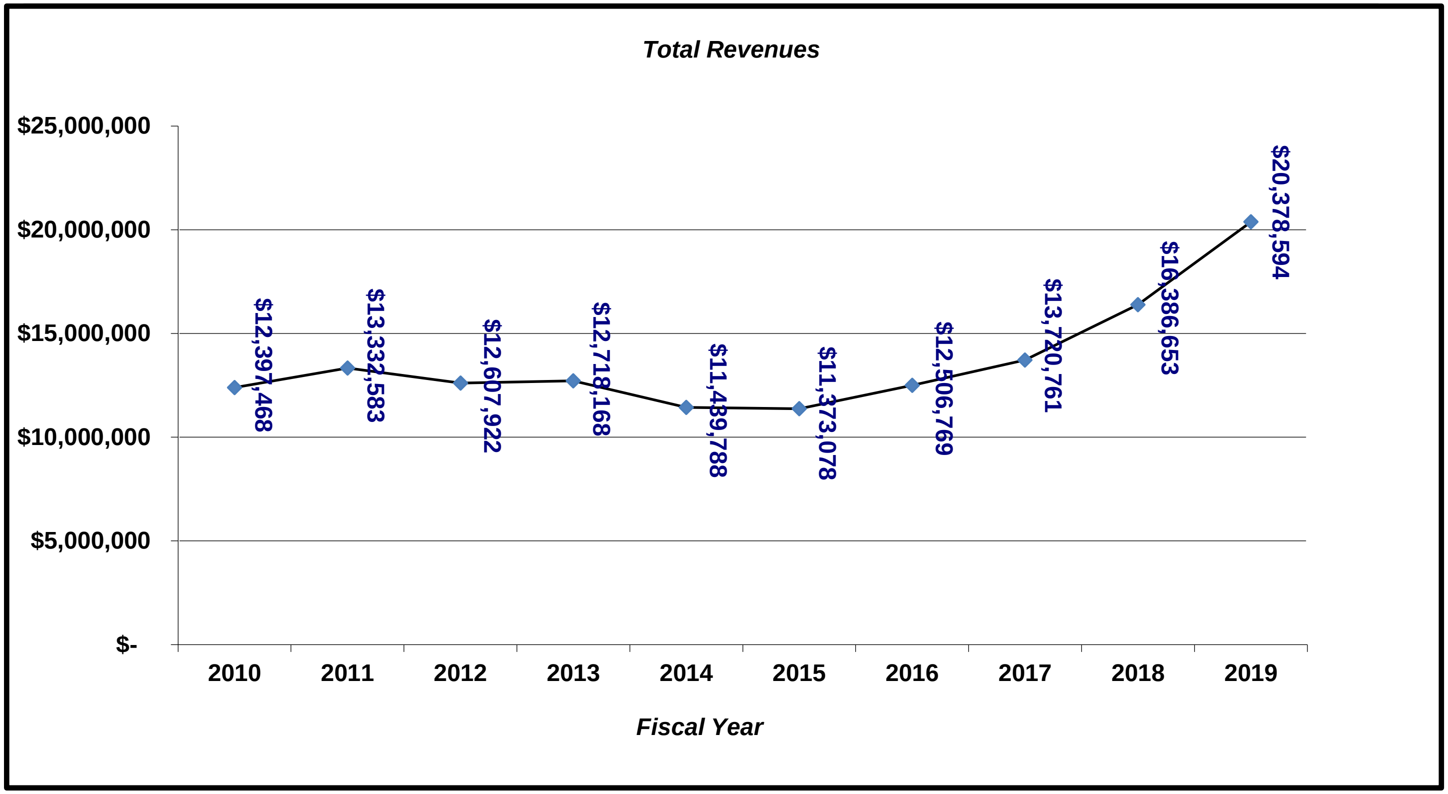


Exhibit VII

City of Hapeville, Georgia
Tax Revenues by Source - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

For The Fiscal Year Ended June 30,	Property	Sales & Use	Business and Occupation	Franchise	Insurance Premium	Hotel/ Motel	Other	Total
				Amounts				
2010	$ 4,947,989	$ 1,492,207	$ 280,330	$ 661,534	$ 350,546	$ 1,613,808	$ 572,990	$ 9,919,404
2011	4,456,779	1,503,326	251,795	682,581	344,731	1,622,430	1,348,876	10,210,518
2012	3,996,085	1,589,359	260,999	762,675	308,470	1,545,360	1,532,093	9,995,041
2013	4,185,266	1,596,392	231,405	549,260	327,079	1,732,001	592,961	9,214,364
2014	4,199,957	1,668,856	265,775	643,481	351,426	1,951,860	544,168	9,625,523
2015	3,751,618	1,739,336	289,887	673,023	354,276	2,275,691	558,608	9,642,439
2016	4,650,084	1,751,341	324,329	679,502	391,735	2,462,623	546,226	10,805,840
2017	5,280,086	1,771,491	545,769	653,527	407,163	2,771,189	23,171	11,452,396
2018	5,198,135	1,865,494	631,991	665,196	433,106	3,108,228	21,978	11,924,128
2019	6,248,912	1,992,229	751,228	681,134	466,835	3,636,829	141,372	13,918,539
% Change in Dollars Over 10 Years	26.3%	33.5%	168.0%	3.0%	33.2%	125.4%	-75.3%	40.3%
				Percentage of Total				
2010	49.9%	15.0%	2.8%	6.7%	3.5%	16.3%	5.8%	100.0%
2011	43.6%	14.7%	2.5%	6.7%	3.4%	15.9%	13.2%	100.0%
2012	40.0%	15.9%	2.6%	7.6%	3.1%	15.5%	15.3%	100.0%
2013	45.4%	17.3%	2.5%	6.0%	3.5%	18.8%	6.4%	100.0%
2014	43.6%	17.3%	2.8%	6.7%	3.7%	20.3%	5.7%	100.0%
2015	38.9%	18.0%	3.0%	7.0%	3.7%	23.6%	5.8%	100.0%
2016	43.0%	16.2%	3.0%	6.3%	3.6%	22.8%	5.1%	100.0%
2017	46.1%	15.5%	4.8%	5.7%	3.6%	24.2%	0.2%	100.0%
2018	43.6%	15.6%	5.3%	5.6%	3.6%	26.1%	0.2%	100.0%
2019	44.9%	14.3%	5.4%	4.9%	3.4%	26.1%	1.2%	100.0%

Data Source:

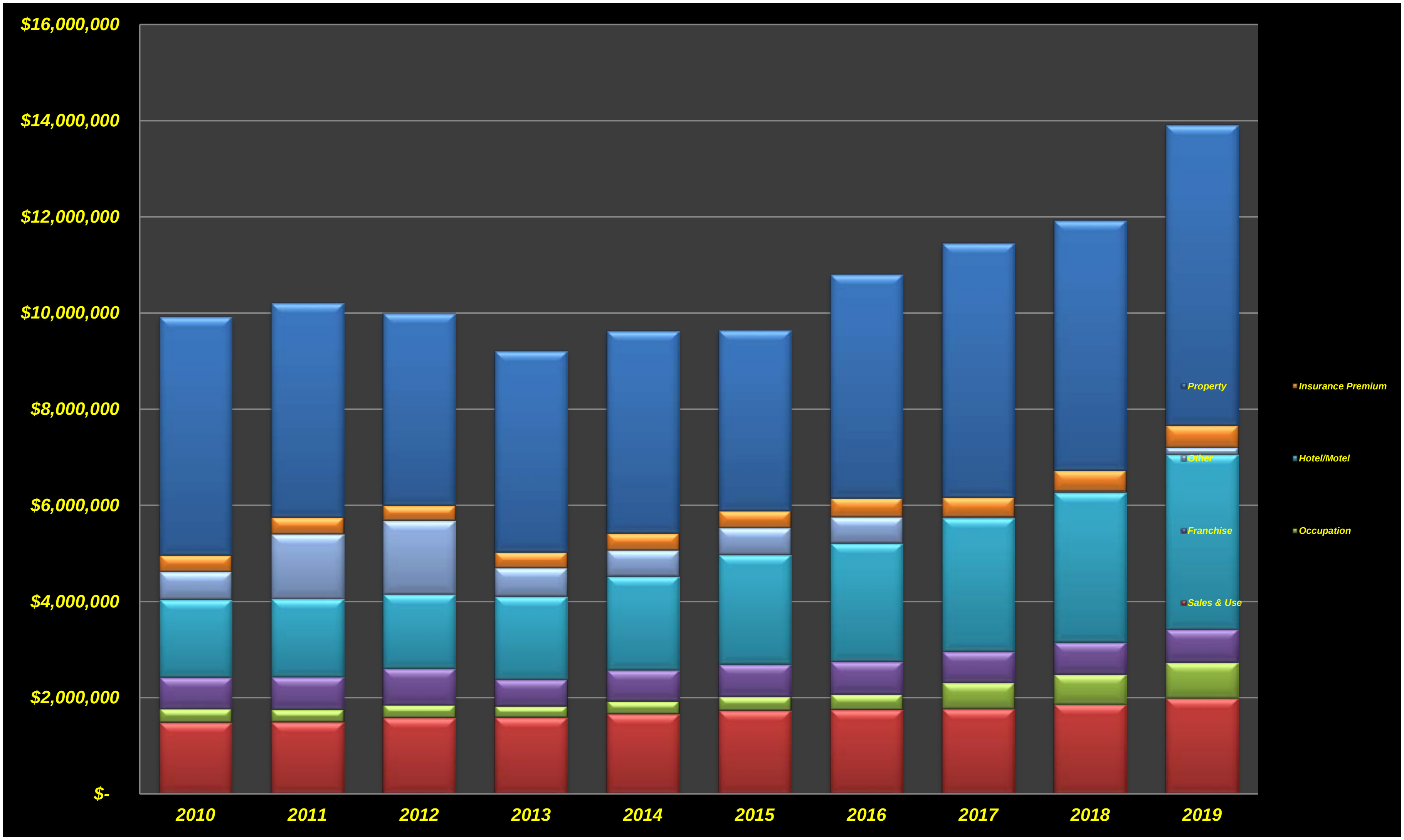
Applicable years' annual financial report.

City of Hapeville, Georgia

Chart-Tax Revenues by Source - Governmental Funds (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)



City of Hapeville, Georgia

General Governmental Expenditures by Function (Unaudited) [1]
Last Ten Fiscal Years
(modified accrual basis of accounting)

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Current:										
General government	$ 1,558,009	$ 1,533,387	$ 1,608,800	$ 1,683,984	$ 2,098,323	$ 2,152,548	$ 2,265,142	$ 3,140,702	$ 2,729,155	$ 2,389,436
Judicial	-	-	-	-	-	-	-	128,399	128,537	148,668
Public safety	5,995,256	6,199,755	6,181,657	6,193,538	5,574,850	5,082,874	6,175,585	5,229,710	5,387,641	5,475,912
Highways and streets	747,055	686,546	693,347	720,074	630,731	653,502	645,837	731,217	662,784	811,407
Culture and recreation	459,633	510,646	555,723	553,773	530,340	522,023	512,870	1,607,025	1,514,033	1,508,680
Parks and ground	716,645	819,179	793,280	885,678	889,047	802,037	711,505	-	-	-
Planning and zoning [2]	696,950	782,569	787,873	832,085	216,639	234,728	232,704	281,799	179,123	164,460
Trade, tourism and development [2]	962,202	981,864	905,111	1,031,935	583,485	695,948	686,384	849,574	2,008,033	4,088,543 (3)
Total Current	11,135,750	11,513,946	11,525,791	11,901,067	10,523,415	10,143,660	11,230,027	11,968,426	12,609,306	14,587,106
% Change From Prior Year	9.3%	3.4%	0.1%	3.3%	-11.6%	-3.6%	10.7%	6.6%	5.4%	15.7%
Capital Outlay	804,119	2,276,910	1,630,974	1,413,254	859,824	957,584	1,133,938	718,560	2,349,152	6,054,963
% Change From Prior Year	-32.4%	183.2%	-28.4%	-13.3%	-39.2%	11.4%	18.4%	-36.6%	226.9%	157.8%
Debt Service										
Principal	446,534	409,437	468,762	482,944	182,172	125,552	226,234	301,243	323,101	338,556
Interest and fees	169,382	343,699	379,562	280,102	16,782	11,008	22,095	44,846	48,535	61,350
Total Debt Service	615,916	753,136	848,324	763,046	198,954	136,560	248,329	346,089	371,636	399,906
% Change From Prior Year	43.2%	22.3%	12.6%	-10.1%	-73.9%	-31.4%	81.8%	39.4%	7.4%	7.6%
Total Expenditures	$ 12,555,785	$ 14,543,992	$ 14,005,089	$ 14,077,367	$ 11,582,193	$ 11,237,804	$ 12,612,294	$ 13,033,075	$ 15,330,094	$ 21,041,975
% Change From Prior Year	6.4%	15.8%	-3.7%	0.5%	-17.7%	-3.0%	12.2%	3.3%	17.6%	37.3%
Debt Service as a % of Noncapital Expenditures	0.8%	1.0%	1.1%	6.0%	1.9%	1.3%	2.2%	2.8%	2.9%	3.0%

Notes:

[1] Includes all governmental fund types.

[2] In fiscal year 2014, the development costs were classified from planning and zoning to trade, tourism and development.

3 In fiscal year 2019, trade, tourism and development costs included expenditures for theater renovations.

Data Source:

Applicable years' annual financial report.

Exhibit IX

City of Hapeville, Georgia

General Governmental Current Expenditures by Function (Unaudited) (1)

Last Ten Fiscal Years

(modified accrual basis of accounting)

Function	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	
Current:											
General government	$ 1,558,009	$ 1,533,387	$ 1,608,800	$ 1,683,984	$ 2,098,323	$ 2,152,548	$ 2,265,142	$ 3,140,702	$ 2,729,155	$ 2,389,436	
Judicial	-	-	-	-	-	-	-	128,399	128,537	148,668	
Public safety	5,995,256	6,199,755	6,181,657	6,193,538	5,574,850	5,082,874	6,175,585	5,229,710	5,387,641	5,475,912	
Highways and streets	747,055	686,546	693,347	720,074	630,731	653,502	645,837	731,217	662,784	811,407	
Culture and recreation	459,633	510,646	555,723	553,773	530,340	522,023	512,870	1,607,025	1,514,033	1,508,680	
Parks and grounds	716,645	819,179	793,280	885,678	889,047	802,037	711,505	-	-	-	
Planning and zoning [2]	696,950	782,569	787,873	832,085	216,639	234,728	232,704	281,799	179,123	164,460	
Trade, tourism and development [2]	962,202	981,864	905,111	1,031,935	583,485	695,948	686,384	849,574	2,008,033	4,088,543	*3*
Total Current	$ 11,135,750	$ 11,513,946	$ 11,525,791	$ 11,901,067	$ 10,523,415	$ 10,143,660	$ 11,230,027	$ 11,968,426	$ 12,609,306	$ 14,587,106	

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Current:										
General government	14.0%	13.3%	14.0%	14.1%	19.9%	21.2%	20.2%	26.2%	21.6%	16.4%
Judicial	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	1.0%	1.0%
Public safety	53.8%	53.8%	53.6%	52.0%	53.0%	50.1%	55.0%	43.7%	42.7%	37.5%
Public works	6.7%	6.0%	6.0%	6.1%	6.0%	6.4%	5.8%	6.1%	5.3%	5.6%
Culture and recreation	4.1%	4.4%	4.8%	4.7%	5.0%	5.1%	4.6%	13.4%	12.0%	10.3%
Parks and grounds	6.4%	7.1%	6.9%	7.4%	8.4%	7.9%	6.3%	0.0%	0.0%	0.0%
Planning, zoning and development	6.3%	6.8%	6.8%	7.0%	2.1%	2.3%	2.1%	2.4%	1.4%	1.1%
Trade and tourism	8.6%	8.5%	7.9%	8.7%	5.5%	6.9%	6.1%	7.1%	15.9%	28.0%
Total Current	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

(1) Includes all governmental fund types.

(2) In fiscal year 2014, the development costs were classified from planning and zoning to trade, tourism and development.

(3) Fiscal year 2019 trade, tourism and development expenditures included additional expenditures for theater renovations.

Data Source:

Applicable years' annual financial report.

Exhibit IX-A

City of Hapeville, Georgia
Chart-General Governmental Current Expenditures (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

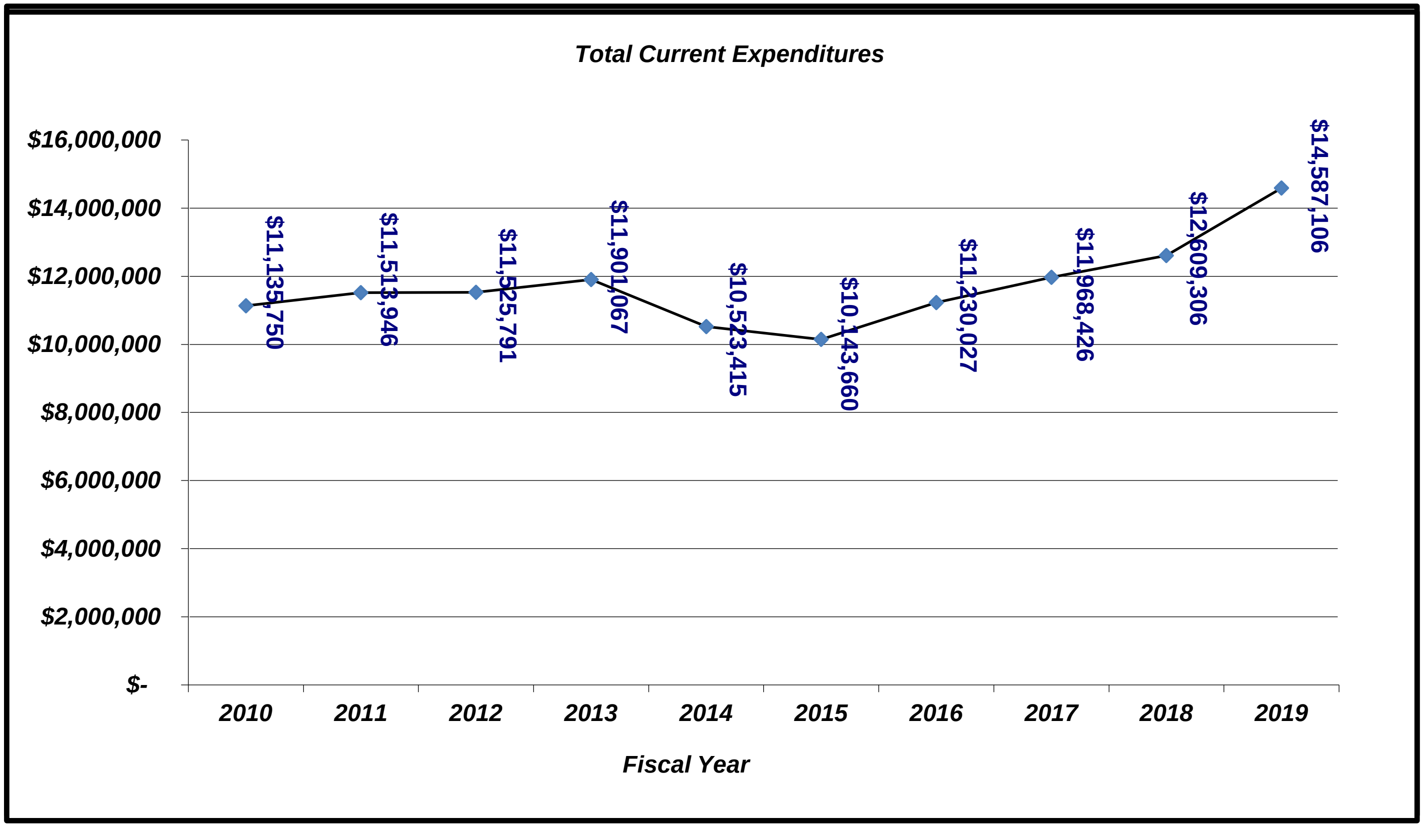


Exhibit X

City of Hapeville, Georgia

Summary of Changes in Fund Balances - Governmental Funds (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)

Source	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Revenues	$ 12,397,468	$ 13,332,583	$ 12,607,922	$ 12,718,168	$ 11,439,788	$ 11,373,078	$ 12,506,769	$ 13,720,761	$ 16,386,653	$ 20,378,594
Total Expenditures	12,555,785	14,543,992	14,005,089	14,077,367	11,582,193	11,237,804	12,612,294	13,033,075	15,330,094	21,041,975
Excess (Deficiency) of Revenues Over (Under) Expenditures	(158,317)	(1,211,409)	(1,397,167)	(1,359,199)	(142,405)	135,274	(105,525)	687,686	1,056,559	(663,381)
Other Financing Sources (Uses)										
Financed purchases	-	-	-	303,455	-	-	1,290,807	319,088	347,764	554,564
Proceeds from notes payable	-	812,942	-	-	-	-	-	-	-	-
Sale of capital assets	-	223	146	124	86	-	25,000	-	-	-
Transfers in	1,349,713	851,051	927,753	1,125,676	3,193,278	3,186,516	3,113,335	3,608,731	3,248,254	3,914,833
Transfers out	(1,015,846)	(498,920)	(464,321)	(840,188)	(3,498,203)	(2,921,378)	(3,474,675)	(3,511,070)	(3,687,510)	(4,399,553)
Total Other Financing Sources (Uses)	333,867	1,165,296	463,578	589,067	(304,839)	265,138	954,467	416,749	(91,492)	69,844
Net Change in Fund Balances	$ 175,550	$ (46,113)	$ (933,589)	$ (770,132)	$ (447,244)	$ 400,412	$ 848,942	$ 1,104,435	$ 965,067	$ (593,537)

Data Source:

Applicable years' annual financial report.

Exhibit XA

City of Hapeville, Georgia
Chart-Changes in Fund Balances - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

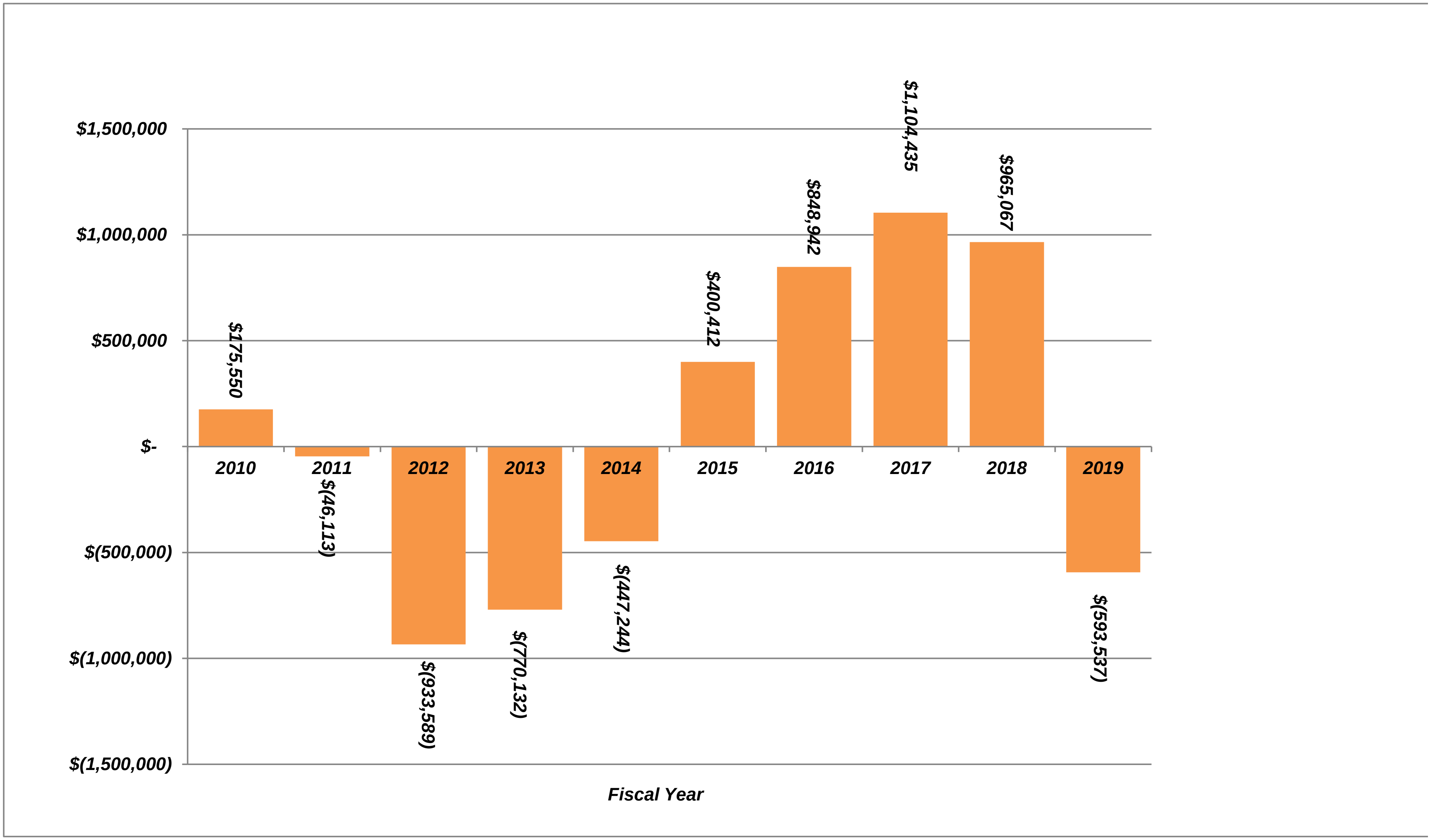


Exhibit XI

City of Hapeville, Georgia

Fund Balances - Governmental Funds (Unaudited)

Fiscal Years 2010

(modified accrual basis of accounting)

		2010
General Fund		
Reserved	$	176,165
Unreserved		3,935,568
Subtotal General Fund		4,111,733
General Fund Percentage Change		4.8%
All Other Governmental Funds		
Reserved, reported in:		
Hotel/Motel Fund		12,152
Asset/Forfeiture Fund		18,452
Debt Service Fund		(43,067)
Subtotal All Other Governmental Funds		(12,463)
All Other Governmental Funds Percentage Change		-693.5%
Total Governmental Funds		
Reserved		163,702
Unreserved		3,935,568
Total Governmental Funds	$	4,099,270
All Governmental Funds Percentage Change		4.5%

Data Source:

Applicable years' annual financial report.

Exhibit XIA

City of Hapeville, Georgia

Fund Balances - Governmental Funds (Unaudited)
Fiscal Years 2011 - 2019
(modified accrual basis of accounting)

	At June 30,								
	2011	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*
General Fund									
Reserved									
Unreserved									
Nonspendable	$ 176,165	$ 183,844	$ 106,164	$ -	$ 147,736	$ 166,949	$ 116,047	$ 17,699	$ 306,384
Restricted-Program Purposes	-	-	11,518	51,283	51,008	50,734	84,926	46,583 **	647,939
Assigned-Capital Outlay	350,000	11,000	-	-	-	-	-		
Unassigned	3,479,760	2,907,060	2,225,561	816,807	765,489	1,189,853	1,129,057	1,324,756	2,000,404
Total General Fund	4,005,925	3,101,904	2,343,243	868,090	964,233	1,407,536	1,330,030	1,389,038	2,954,727
General Fund Percentage Change	0.0%	-22.6%	-24.5%	-63.0%	11.1%	46.0%	-5.5%	4.4%	112.7%
All Other Governmental Funds									
Nonspendable	-	-	-	-	-	-	351,139	-	-
Restricted:									
Program Purposes	47,232	17,664	6,192	212,353	516,622	943,929	2,117,690	3,031,929	872,703
Unassigned (deficit)	-	-	-	-	-	-	(342,959)	-	-
Total All Other Governmental Funds	47,232	17,664	6,192	212,353	516,622	943,929	2,125,870	3,031,929	872,703
All Other Governmental Funds Percentage Change	N/A	-62.6%	-64.9%	3329.5%	143.3%	82.7%	125.2%	42.6%	-71.2%
Total Governmental Funds									
Nonspendable	176,165	183,844	106,164	-	147,736	166,949	467,186	17,699	306,384
Restricted	47,232	17,664	17,710	263,636	567,630	994,663	2,202,616	3,078,512	1,520,642
Assigned	350,000	11,000	-	-	-	-	-	-	-
Unassigned	3,479,760	2,907,060	2,225,561	816,807	765,489	1,189,853	786,098	1,324,756	2,000,404
Total Governmental Funds	$ 4,053,157	$ 3,119,568	$ 2,349,435	$ 1,080,443	$ 1,480,855	$ 2,351,465	$ 3,455,900	$ 4,420,967	$ 3,827,430
All Governmental Funds Percentage Change	N/A	-23.0%	-24.7%	-54.0%	37.1%	58.8%	47.0%	27.9%	-13.4%

Notes:

* The City implemented GASB Statement No. 54 in fiscal year 2011.

** The City dissolved the Hapeville Association of Trade and Tourism, which was previously reported as a blended component unit and major special revenue fund. These fund balances are now reported in the General Fund

Data Source:

Applicable years' annual financial report.

City of Hapeville, Georgia

Taxable Assessed Value and Estimated Actual Value of Property By Type (Unaudited)

Last Ten Calendar Years

Amounts

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Utility Property	Motor Vehicles	Other Property [2]	Less: Tax Exempt Property	Total Taxable Assessed Value[1]	Total Direct Tax Rate [3]	Estimated Actual Value	Annual Percentage Change
2010	$ 94,194,780	$ 193,925,720	$ 12,441,990	$ 6,702,142	$ 9,583,870	$ -	$ 1,183,350	$ 315,665,152	16.610	$ 789,162,880	-6.3%
2011	68,910,360	201,627,220	10,193,640	6,112,266	31,045,390	-	1,234,570	316,654,306	16.610	791,635,765	0.3%
2012	47,365,500	199,574,110	10,193,640	6,112,266	8,666,570	-	1,357,480	270,554,606	16.610	676,386,515	-14.6%
2013	39,722,520	213,184,790	3,709,280	6,958,930	8,258,170	-	1,479,940	270,353,750	16.610	675,884,375	-0.1%
2014	41,617,080	202,738,210	4,295,200	6,895,880	8,428,420	-	1,300,140	262,674,650	16.610	656,686,625	-2.8%
2015	46,201,180	199,786,880	9,342,080	5,585,087	7,102,350	19,080	8,292,600	259,744,057	16.610	649,360,143	-1.1%
2016	45,694,000	199,454,270	9,114,920	7,372,269	5,237,390	14,800	7,512,400	259,375,249	16.610	648,438,123	-0.1%
2017	46,282,180	205,240,460	16,488,000	20,331,731	4,025,640	28,800	7,225,550	285,171,261	16.610	712,928,153	9.9%
2018	47,735,190	312,457,620	16,113,920	27,267,698	2,902,570	28,800	10,240,610	396,265,188	16.610	990,662,970	39.0%
2019	92,749,060	230,352,900	16,868,000	32,176,619	2,066,900	-	7,627,470	366,586,009	16.610	916,465,023	-7.5%
*	$ 57,047,185	$ 215,834,218	$ 10,876,067	$ 12,551,489	$ 8,731,727	$ 9,148	$ 4,745,411	$ 300,304,423	16.610	$ 750,761,057	
**	-1.5%	18.8%	35.6%	380.1%	-78.4%		544.6%	16.1%	0.0%	16.1%	

Percentage of Total Assessed Value

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Utility Property	Motor Vehicles	Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value
2010	29.7%	61.2%	3.9%	2.1%	3.0%	0.0%	0.4%	99.6%
2011	21.7%	63.4%	3.2%	1.9%	9.8%	0.0%	0.4%	99.6%
2012	17.4%	73.4%	3.7%	2.2%	3.2%	0.0%	0.5%	99.5%
2013	14.6%	78.4%	1.4%	2.6%	3.0%	0.0%	0.5%	99.5%
2014	15.8%	76.8%	1.6%	2.6%	3.2%	0.0%	0.5%	99.5%
2015	17.2%	74.5%	3.5%	2.1%	2.6%	0.0%	3.1%	96.9%
2016	17.1%	74.7%	3.4%	2.8%	2.0%	0.0%	2.8%	97.2%
2017	15.8%	70.2%	5.6%	7.0%	1.4%	0.0%	2.5%	97.5%
2018	11.7%	76.9%	4.0%	6.7%	0.7%	0.0%	2.5%	97.5%
2019	24.8%	61.6%	4.5%	8.6%	0.6%	0.0%	2.0%	98.0%

* Dollar average for ten years.

** Percentage change in dollars over ten years.

Notes:

1 All property is assessed at 40% of fair market value.

[2] Generally includes timber and heavy equipment.

[3] Tax rates expressed in rate per $1,000

[4] The fiscal year indicated above reports the tax digest from the prior calendar year.

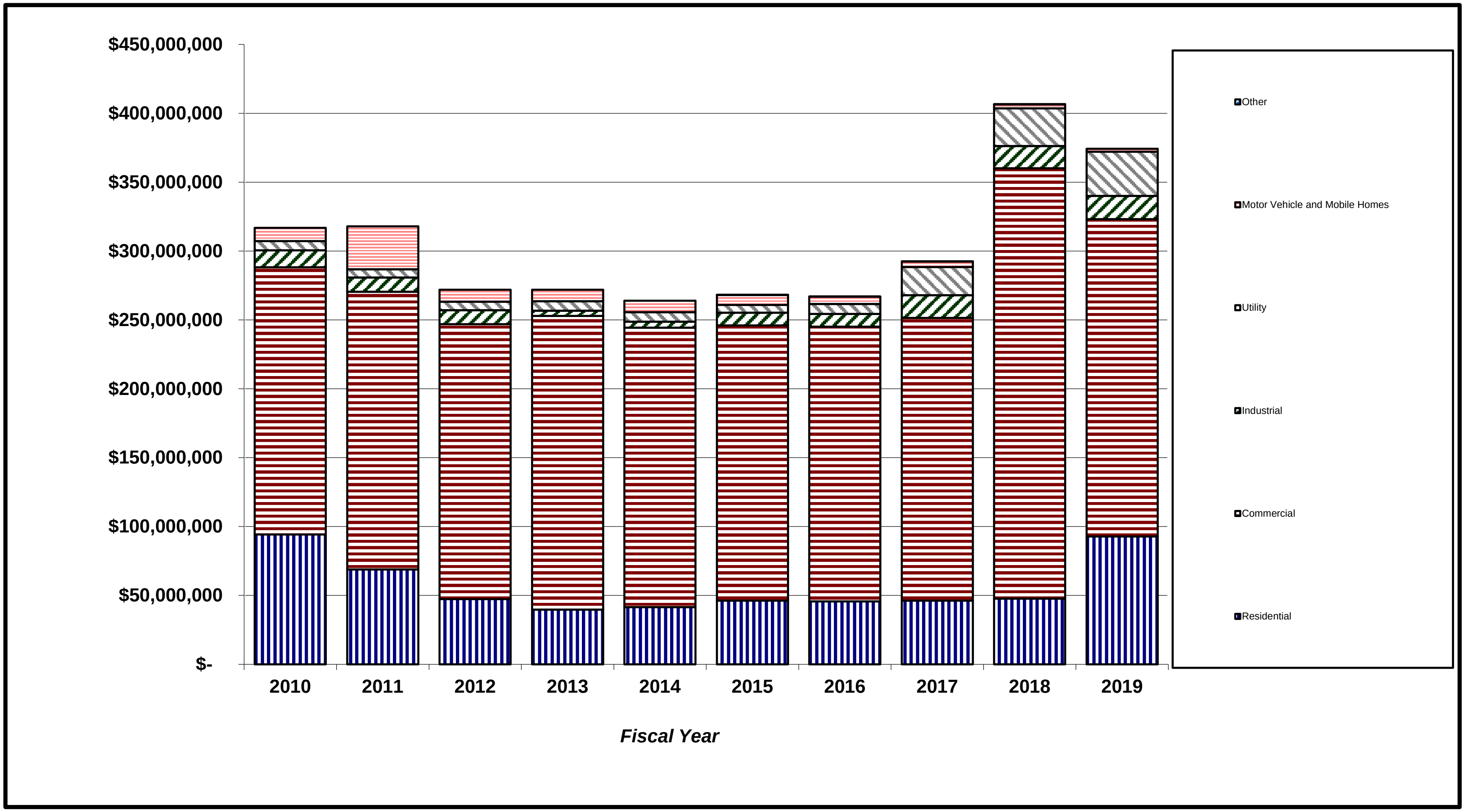
Data Source:

Georgia Department of Revenue, Tax Digest Consolidation Summary,

http://dor.georgia.gov/county-ad-valorem-tax-digest-consolidated-summaries

Exhibit XIIA

City of Hapeville, Georgia
Chart-Total Assessed Value (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)



City of Hapeville, Georgia

Direct and Overlapping Property Tax Rates (Unaudited)

Last Ten Fiscal Years

(rate per $1,000 of assessed taxable value)

	Direct	Overlapping [1]		
Fiscal Year	City Rate	State of Georgia [2]	Fulton County	Fulton County School Board
2010	16.610	0.250	10.281	17.502
2011	16.610	0.250	10.281	18.502
2012	16.610	0.250	10.551	18.502
2013	16.610	0.200	10.551	18.502
2014	16.610	0.150	10.481	18.502
2015	16.610	0.100	12.051	18.502
2016	16.610	0.050	10.500	18.502
2017	16.610	-	10.450	18.483
2018	16.610	-	10.380	18.546
2019	16.610	-	10.200	17.796

Notes:

[1] Overlapping rates are those of governments that overlap the City's geographic boundaries.

[2] This tax phased out beginning in fiscal year 2013.

Data Source:

Georgia Department of Revenue, Property Tax Division,
http://dor.georgia.gov/county-tax-digest-mill-rates

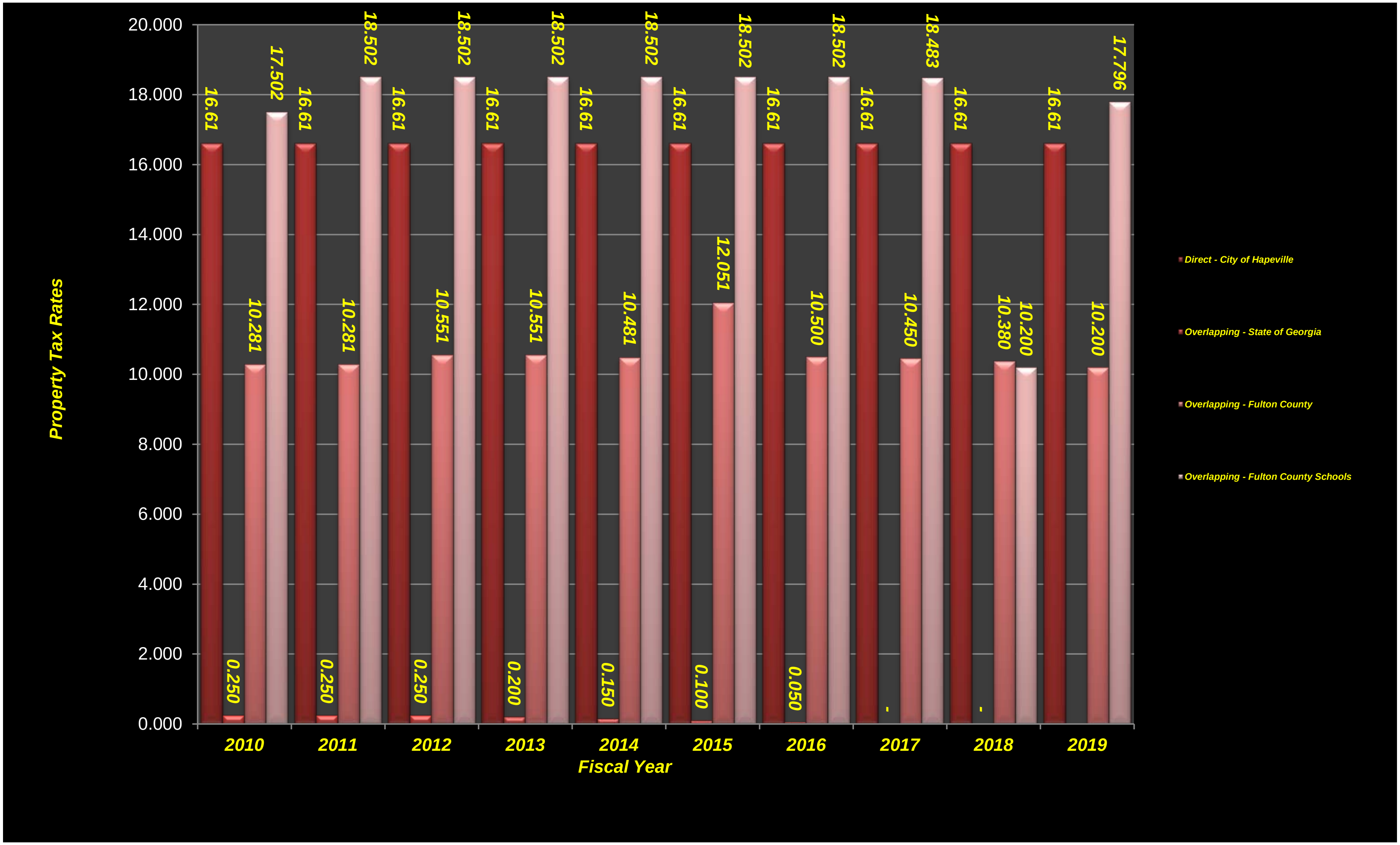
Exhibit XIII-A

City of Hapeville, Georgia

Chart-Direct and Overlapping Property Tax Rates (Unaudited)

Last Ten Fiscal Years

(rate per $1,000 of assessed taxable value)



City of Hapeville, Georgia
Property Tax Levies and Collections (Unaudited)
Last Ten Fiscal Years
(in $1,000)

Fiscal Year	Taxes Levied for the Calendar Year	Collected Within the Fiscal Year of The Levy: Amount	Collected Within the Fiscal Year of The Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy	Total Uncollected Taxes [1]: Amount	Total Uncollected Taxes [1]: Percentage of Levy
2010	$ 4,812	$ 4,597	95.53%	$ 194	$ 4,791	99.56%	$ 21	99.56%
2011	4,506	4,351	96.56%	143	4,494	99.73%	12	99.73%
2012	3,981	3,842	96.51%	131	3,973	99.80%	8	99.80%
2013	4,172	3,950	94.68%	202	4,152	99.52%	20	99.52%
2014	3,968	3,845	96.90%	105	3,950	99.55%	18	99.55%
2015	3,895	3,841	98.61%	37	3,878	99.56%	17	99.56%
2016	4,569	4,529	99.12%	9	4,538	99.32%	31	99.32%
2017	4,942	4,710	95.31%	43	4,753	96.18%	189	96.18%
2018	4,975	4,822	96.92%	110	4,822	96.92%	43	96.92%
2019	5,934	5,794	97.64%	-	5,794	97.64%	140	97.64%

Notes:

[1] The amounts reported in the total uncollected taxes column are the uncollected taxes for each tax levy.

Data Source:

City Tax Office

Exhibit XV

City of Hapeville, Georgia
Principal Property Taxpayers (Unaudited)
Fiscal Years Ended June 30, 2019 and 2010

2019				2010			
Principal Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Principal Taxpayer**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Hapeville LTD Partnership	$ 53,610,800	1	14.62%	Delta Air Lines Inc	$ 68,506,136	1	21.70%
Digital Doug Davis LLC	45,974,200	2	12.54%	Hapeville LTD Partnership	55,000,000	2	17.42%
Blue Atlantic Hartsfield LP	41,800,000	3	11.40%	First State Investors Three	39,225,100	3	12.43%
Delta Airlines Inc	29,928,500	4	8.16%	Delta Airlines Inc	30,152,048	4	9.55%
Mikeone Ek Atl Ops Center LLC	27,396,571	5	7.47%	Airport Station LLC	18,090,300	5	5.73%
City of Atlanta	17,574,500	6	4.79%	Residence Inn III LLC	13,522,300	6	4.28%
State Bank of Texas	11,267,100	7	3.07%	Apsilon Management Inc	12,765,500	7	4.04%
Bre Newton Hotels Property Own	10,291,700	8	2.81%	Atlanta Airport Motel Inc	11,284,700	8	3.57%
Porche Cars North America Inc	10,267,000	9	2.80%	Delta Community Credit Union	10,750,000	9	3.41%
GA15 Hapeville LLC	9,700,000	10	2.65%	Hospitality Properties Inc	9,900,000	10	3.14%
Total Principal Taxpayers	257,810,371		70.33%	**Total Principal Taxpayers**	269,196,084		85.28%
All Other Taxpayers	108,775,638		29.67%	**All Other Taxpayers**	46,469,068		14.72%
Total	$ 366,586,009		100.00%	**Total**	$ 315,665,152		100.00%

Data Source:
City Tax Office

City of Hapeville, Georgia

Direct and Overlapping Sales and Use Tax Rates (Unaudited)

Last Ten Calendar Years

	Direct	Overlapping				Total
Calendar Year	City LOST [1]	Fulton County [4]	State of Georgia	Fulton County Schools [2]	MARTA [3]	Direct and Overlapping Rates
2010	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2011	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2012	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2013	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2014	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2015	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2016	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2017	1.00%	2.00%	4.00%	1.00%	1.00%	9.00%
2018	1.00%	2.00%	4.00%	1.00%	1.00%	9.00%
2019	1.00%	2.00%	4.00%	1.00%	1.00%	9.00%

Notes:

[1] The local option sales tax (LOST) was approved by referendum effective January 1, 1979 and is effective indefinitely. The City is required to reduce their property tax millage rate in the current year by the amount of these taxes collected in the prior year.

[2] The current education special purpose local option sales tax was approved effective July 1, 2012 and expired June 30, 2017. The latter tax is being used to construct new school buildings and renovate existing school buildings.

[3] This sales tax rate is levied in counties in the Metropolitan Atlanta Rapid Transit Authority (MARTA) district which have a service contract with MARTA, currently Fulton and DeKalb counties.

[4] The transportation sales tax was approved April 1, 2017.

Data Source:

Georgia Department of Revenue, Sales and Use Tax Division,

http://dor.georgia.gov/documents/historical-sales-tax-rate-chart

City of Hapeville, Georgia
Water Consumption Billed (Unaudited) [1]
Last Ten Fiscal Years

Fiscal Year	Gallons	% Change
2010	190,486,000	2.5%
2011	225,972,000	18.6%
2012	225,724,000	-0.1%
2013	207,470,000	-8.1%
2014	212,189,000	2.3%
2015	209,846,000	-1.1%
2016	220,707,000	5.2%
2017	232,370,000	5.3%
2018	224,782,000	-3.3%
2019	227,299,000	1.1%

Data Source:
[1] City's billing department.

Exhibit XVIII

City of Hapeville, Georgia
Water Service Rates (Unaudited)
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018	2019
Minimum charge (0-2k gal)	$ 15.72	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56
0-2k gal	7.86	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78
2k-10k gal	7.86	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78
10k-50k	8.51	9.43	-	-	-	-	-	-	-	-	-
50k + gal	8.86	9.78	-	-	-	-	-	-	-	-	-
10k - 16 k gal	-	-	-	10.98	10.98	10.98	10.98	10.98	10.98	10.98	10.98
16k gal	-	-	-	17.56	17.56	17.56	17.56	17.56	17.56	17.56	17.56

Data Source:
City Customer Service Department

Exhibit XIX

City of Hapeville, Georgia

Number of Water Customer Accounts at Fiscal Year-end (Unaudited) [1]

Last Ten Fiscal Years

Fiscal Year	Number	% Change
2010	2,070	-0.4%
2011	2,076	0.3%
2012	2,068	-0.4%
2013	2,085	0.8%
2014	2,075	-0.5%
2015	2,129	2.6%
2016	2,156	1.3%
2017	2,100	-2.6%
2018	2,188	4.2%
2019	2,205	0.8%

Data Source:

[1] City Customer Service Department.

Exhibit XX

City of Hapeville, Georgia

Ten Largest Customers - Water Service (Unaudited)

Fiscal Years 2019 & 2010

	Fiscal Year 2019			Fiscal Year 2010		
Rank	**Customer**	**Consumption Gallons (000)**	**%**	**Customer**	**Consumption Gallons (000)**	**%**
1	Digital Doug Davis, LLC	18,315	8.1%	Delta Airlines, Inc. Reservation	7,204	3.8%
2	Incity Suites	11,756	5.2%	Best Western Hapeville	3,070	1.6%
3	Del Mar Apartments	8,232	3.6%	Franklin Village	2,871	1.5%
4	Blue Atlantic Hartsfield LP	7,963	3.5%	Marriott Inc. Site #57231	2,628	1.4%
5	Acorn 2 Porsche Dr	6,874	3.0%	Hapeville Coin Laundry	2,516	1.3%
6	Porsche Cars North America	5,411	2.4%	Delta Airlines, Inc	2,389	1.3%
7	Marriott Inc, Site #311 AD	4,303	1.9%	QD Properties	2,298	1.2%
8	Delta Airlines, Inc. Reservation	3,924	1.7%	Ashkouti, Albert	1,759	0.9%
9	Marriott Inc. Site #57231	3,582	1.6%	Marriott Inc, Site #311 AD	1,739	0.9%
10	Franklin Village	2,658	1.2%	Del Mar Apartments	1,595	0.8%
	Total Ten Largest Customers	73,018	32.1%	**Total Ten Largest Customers**	28,069	14.7%
	All Other Customers	154,281	67.9%	**All Other Customers**	162,417	85.3%
	Total	227,299	100.0%	**Total**	190,486	100.0%

Data Source:

City Water Department

Exhibit XXI

City of Hapeville, Georgia

Sewer Service Rates (Unaudited)

Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2010	***2011***	***2012***	***2013***	***2014***	***2015***	***2016***	***2017***	***2018***	***2019***
Minimum charge (0-2k gal)	$ 7.50	$ 7.50	$ 8.25	$ 8.44	$ 12.24	$ 12.24	$ 12.24	$ 12.24	$ 12.24	$ 12.24
0-2k gal	3.75	3.75	4.13	4.22	6.12	6.12	6.12	6.12	6.12	6.12
2k-10k gal	4.75	4.75	5.23	5.36	7.77	7.77	7.77	7.77	7.77	7.77
10k-50k	5.25	5.25	5.78	5.92	8.58	8.58	8.58	8.58	8.58	8.58
50k +	5.50	5.50	6.05	6.20	8.99	8.99	8.99	8.99	8.99	8.99

Data Source:

City Customer Service Department

City of Hapeville, Georgia
Ratios of Total Debt Outstanding by Type (Unaudited) [1]
Last Ten Fiscal Years

	Governmental Activities				Business-type Activities				
June 30,	Certificates of Participation	Notes	Financed Purchases	Total	Revenue Bonds	Grand Total	Percentage of Personal Income	Estimated [2] Population	Per Capita
2010	$ 515,000	$ -	$ 61,298	$ 576,298	$ 3,035,000	$ 3,611,298	2.782%	6,402	$ 564
2011	325,000	-	761,161	1,086,161	2,475,000	3,561,161	2.607%	6,542	544
2012	165,000	-	589,743	754,743	1,895,000	2,649,743	1.840%	6,673	397
2013	-	-	735,254	735,254	11,020,000	11,755,254	7.914%	6,668	1,763
2014	-	-	553,081	553,081	16,395,000	16,948,081	11.110%	6,640	2,552
2015	-	-	427,529	427,529	15,345,000	15,772,529	10.073%	6,614	2,385
2016	-	-	1,492,102	1,492,102	14,165,000	15,657,102	9.689%	6,603	2,371
2017	-	-	1,509,947	1,509,947	12,925,000	14,434,947	8.962%	6,581	2,193
2018	-	-	1,534,610	1,534,610	11,630,000	13,164,610	8.174%	6,581	2,000
2019	-	-	1,750,618	1,750,618	10,280,000	12,030,618	7.383%	6,658	1,807

Notes:

[3] In fiscal year 2014, the City issued $6,385,000 of revenue and by reclassifying the Development Authority as a blended component unit, the revenue bonded debt assumed by the City, totaled $9,730,000. Only the fiscal year 2013 was restated to reflect the Development Authority's debt.

Data Sources:

[1] Applicable years' annual financial report.

[2] Exhibit XXVI.

City of Hapeville, Georgia
Direct and Overlapping Governmental Activities Debt (Unaudited)
June 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share of Underlying Debt
Overlapping General Obligation Debt [2,3]			
Fulton County, Georgia	$ 266,426,000	0.52%	$ 1,383,175
Fulton County Board of Education	32,715,000	0.52%	169,843
Total Overlapping Debt	299,141,000		1,553,018
City Direct Debt			
Financed purchases	1,750,618	100.00%	1,750,618
Total Direct and Overlapping Debt	$ 300,891,618		$ 3,303,636

Notes:

[1] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

[2] Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

[3] *Outstanding debt obtained from Fulton County CAFR as of 12-31-18 and Fulton County Board of Education CAFR as of 6-30-18*

Data Source:

Each specific government

Exhibit XXIV

City of Hapeville, Georgia
Legal Debt Margin (Unaudited)
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Taxable Assessed Value [1]	$ 315,665,152	$ 316,654,306	$ 270,554,606	$ 270,353,750	$ 262,674,650	$ 259,744,057	$ 259,375,249	$ 285,171,261	$ 396,265,188	$ 366,586,009
Legal Debt Margin										
Debt limit (10% of assessed value)[2]	$ 31,566,515	$ 31,665,431	$ 27,055,461	$ 27,035,375	$ 26,267,465	$ 25,974,406	$ 25,937,525	$ 28,517,126	$ 39,626,519	$ 36,658,601
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	$ 31,566,515	$ 31,665,431	$ 27,055,461	$ 27,035,375	$ 26,267,465	$ 25,974,406	$ 25,937,525	$ 28,517,126	$ 39,626,519	$ 36,658,601
Total net debt applicable to the limit as a % of the debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:

[2] Under Article 9, Section 5, Paragraph 1 of the State of Georgia Constitution, the City's outstanding general obligation debt should not exceed 10% of the assessed

[3] The City has no outstanding general obligation debt.

Data Source:

[1] Exhibit XII

City of Hapeville, Georgia
Demographic and Economic Statistics (Unaudited)
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income	Per Capita Income (1)	Per Capita Income % of U.S. (1)	Median Age (1)	Unemployment Rate County (2)	Unemployment Rate State of Georgia (2)	Unemployment Rate United States (2)
2010	6,402	$ 129,826,158	$ 20,279	77.47%	35.2	10.2%	10.3%	9.4%
2011	6,542	136,583,876	20,878	78.52%	35.2	10.2%	10.4%	9.1%
2012	6,673	143,983,321	21,577	79.95%	35.2	9.3%	8.9%	8.2%
2013	6,668	148,536,368	22,276	80.49%	35.2	8.6%	8.3%	7.5%
2014	6,640	152,554,000	22,975	79.89%	35.2	7.5%	7.8%	6.1%
2015	6,614	156,579,836	23,674	78.29%	35.2	6.0%	6.1%	5.3%
2016	6,603	161,595,219	24,473	78.69%	35.2	5.9%	6.3%	5.4%
2017	6,581	161,063,394	24,474	76.52%	35.2	4.3%	4.3%	4.1%
2018	6,581	161,063,394	24,474	72.61%	35.2	3.7%	3.6%	4.0%
2019	6,658	162,947,892	24,474	72.61%	34.8	3.1%	3.4%	3.5%

1 U. S. Census Bureau
2 Georgia Department of Labor

City of Hapeville, Georgia
Principal Employers (Unaudited)
For the Fiscal Year Ended June 30, 2019

Employer	Type of Business	Number of Employees
Delta Airlines	Airlines	1392
Federal Express	Cargo	671
Norred & Associates, Inc	Security	620
Travelport	Reservation - Airlines	272
Hilton	Hotel/Motel	250
Prime Flight of DE, Inc	Airlines	227
Merritt Hospitality, Inc	Hotel/Motel	186
Chick-fil-A - Dwarf House	Restaurant	106
Sylvan Airport Parking, Inc	Airport Parking	80
Swissport Cargo	Cargo	65

Data Source:
City Administration - Business License Listing 2019

Exhibit XXVII

City of Hapeville, Georgia
City Employees by Function/Program (Unaudited)
Last Ten Fiscal Years

Function/program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
City clerk	1	1	1	1	1	1	1	1	2	2
Human resources	1	1	1	1	1	1	2	2	1	1
Finance and information technology	7	5	5	5	5	5	3	3	5	5
Purchasing	-	-	-	-	-	-	-	-	-	-
Planning	1	1	1	1	-	-	-	-	-	-
Parks, building and grounds	7	12	12	12	15	12	13	13	12	10
Courts	3	3	3	3	3	1	2	2	2	1
Police	47	49	49	48	42	54	51	51	41	37
Fire	36	33	33	33	31	33	33	33	34	33
Sanitation	8	6	6	6	6	6	6	6	6	2
Public works	7	7	7	7	8	8	8	8	12	11
Economic development	3	6	6	6	3	2	3	3	3	3
Recreation	9	10	10	10	17	11	10	10	6	5
Water and sewer	7	6	6	6	6	6	8	8	7	8
Total	137	140	140	139	138	140	140	140	131	118
Percentage Change From Prior Year	4.6%	2.2%	0.0%	-0.7%	-0.7%	0.7%	0.7%	1.4%	-6.4%	-9.9%

Data Source:
City Administration - Payroll Service Provider (Paycom)

Exhibit XXIII

City of Hapeville, Georgia
Capital Asset Statistics by Function/Program (Unaudited)
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	1	1	1	1	1	1	1	1	1	1
Patrol units	21	21	21	21	21	21	21	21	21	24
Fire Stations	2	2	2	2	2	2	2	2	2	2
Refuse Collections										
Collection Trucks	4	5	5	5	5	5	5	5	5	5
Other Public Works										
Streets (miles)	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9
Streetlights	-	-	-	-	-	-	-	-	-	-
Traffic Signals	4	4	4	4	4	4	4	4	4	4
Parks & Recreation										
Acreage	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Miles of water mains	21	21	21	21	21	21	21	21	21	21
Sewer Service:										
Miles of sanitary sewers	24	24	24	24	24	24	24	24	24	24

Data Source

Various City Departments